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NEWS SUMMARY

Pope has changed unity map, Runcie

The Pope left Britain with the simple farewell "May God bless you all".

He flew from Cardiff to Rome after his six-day visit which took him more than 1,000 miles around Britain. Throughout the visit, the Pope made repeated calls for peace. Church unity was also an important topic during talks with Protestant leaders.

After the Pope left, the Archbishop of Canterbury, Dr Robert Runcie, said: "The aftermath is going to be significant. The Pope has, I believe, in what he has done here, changed the map about Christian unity."

On his final day the Pope visited Wales and was given a tremendous reception by more than 33,000 cheering youngsters in Cardiff City's Ninian Park ground. A joyful pageant, Page 10.

GENERAL

Threat of pit strike grows

Threats of industrial action by miners increased when Kent's 3,000 pit workers voted for an all-out strike from June 19. They are fighting the planned closure of a mine and want support from other NUM members.

Action by the Kent miners has already had advance support from miners' union president Arthur Scargill. He has said he will call for a widening of the dispute at the union's executive meeting next week. Back Page

Troops cut plan

The Nato summit in Bonn next week will endorse a revised programme to reduce Nato and Warsaw Pact troops in Europe by 570,000. Back Page

Sex-change win

GEC Communications in Coventry reinstated an engineer dismissed when he decided to change sex. An industrial tribunal ruled sacking illegal and 2,000 colleagues voted for reinstatement.

S. Korea moves

South Korea's President, Chun Doo Hwan reshuffled his cabinet for the second time in a fortnight after a multi-million dollar loan scandal. Page 3

Cable TV call

The Independent Broadcasting Authority said it is against advertising on cable television and anything which would damage the present BBC and ITV basic services. Page 8

Musicians defect

Three Polish musicians from the Krakow Philharmonic Orchestra defected after a concert in Bergen, Norway.

Petrol price up

BP Oil raised pump prices for petrol by 7p a gallon, taking the average price to 169p a gallon. Market leaders Shell and Esso are expected to follow within a few days.

CND rethink

A High Court judge ordered Environment Secretary Michael Heseltine to reconsider his decision to ban music at a CND rally in London's Hyde Park on Sunday.

Transport plan

A future Labour government would form a National Transport Authority to integrate transport policy, according to a document drawn up by the party and transport unions. Back Page

Derby winner

Golden Fleece, the 3-1 favourite, won the Derby. It was trainer Vincent O'Brien's sixth Derby win. Racing, Page 15

Briefly . . .

Labour-controlled Nottinghamshire Council voted to give £1,000 to CND.

Five home-made petrol bombs exploded under cars belonging to U.S. military staff in Athens.

An American woman being held by China, accused of espionage, will be released today, and ordered from the country.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		FALLS	
Boot (H.)	250 + 7	Adams & Gibson	103 - 13
Cont. Microwave	423 + 18	De La Rue	540 - 40
Dunhill (A.)	375 + 7	Edinburgh Gen. Ins.	8 - 3
Glaxo	693 + 6	Harrison, Crossfield	562 - 7
Readicut	204 + 2		
Hemokinetics	5 - 3		
Johnson Grp. Cntrs.	245 - 10		
Lake & Elliot	44 - 6		
Piezo El. Products	45 - 15		
Saatchi & Saatchi	435 - 20		
Sotheby P.B.	307 - 8		
Thorn EMI	410 - 5		
Tilbury Group	432 - 4		
Shell Transp.	£291 - 11		
Anglo Am. Col.	£23 - 11		
Gold Fields of S.A.	£23 - 11		
President Brand	£11 - 11		

UN trusteeship of Falklands acceptable to Argentina

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

ARGENTINA is willing to accept a form of UN trusteeship for the Falkland Islands during a limited period, provided UN administration of the islands is backed up by Argentine and British advisers, according to an official spokesman here.

Also, the government here has withdrawn its demand that the British task-force quit the Falklands region altogether. It is now willing to accept a Royal Navy presence no nearer than 150 miles from the archipelago, in the context of a withdrawal of Argentine and British troops from the islands themselves.

New concessions were being presented by Javier Perez de Cuellar, the UN Secretary-General, by Air Force Brigadier José Miret, the planning secretary, Rear-Admiral Benito Moya, head of President Leopoldo Galtieri's military staff, and General Miguel Mallas Gil, the Argentine military attaché in Washington, who arrived in New York from Buenos Aires yesterday.

In New York, Sr Perez de Cuellar, reporting to the UN Security Council on his latest week-long efforts to achieve a cease-fire, said that he had been unable to obtain agreement on a cease-fire. But

his remarks were made before he had seen the three Argentine envoys. Sr Perez de Cuellar offered to continue to try to achieve a diplomatic settlement of the conflict.

Speculation that a last-minute negotiated settlement to the Falklands dispute might still be reached was provoked by a statement made by Sr Nicanor Costa Mendez, during a stop at Brasilia airport on his way to Havana for a meeting of non-aligned States.

"We can still believe in a peaceful solution," Sr Costa Mendez said. "I believe that there is still a very tenuous hope, that there is still a very little time left to convince Mrs Thatcher."

However, British officials at the UN continued to insist that the terms on which Britain would agree to a cease-fire must include an unqualified Argentine commitment to withdraw from the Falklands.

Before Brig Miret left Buenos Aires on Tuesday night, he claimed he had been given a "set of ideas in the form of a directive from the governing military junta," which would allow him and his colleagues to

reply to any proposals made by the Secretary-General without reference to Buenos Aires.

The new concessions—which Argentina is presenting as its "ultimate negotiating effort," designed to halt bloodshed as both sides prepare for the battle for Port Stanley, the Falklands capital—are alluded to in an article yesterday morning in La Nueva Provincia. This daily newspaper, published in the coastal city of Bahia Blanca, has frequently been used to leak Government plans.

The reliability of the article was confirmed by officials in Buenos Aires. They repeated arguments that Argentina has much faith in the UN, where it believes it can command a majority of votes favourable to an eventual transfer of sovereignty over the Falklands to Argentina.

"Argentine public opinion may not, in the past, have been ready to accept the idea of a UN trusteeship of the Falklands, but it is now," commented a senior official.

The reports of Argentine acceptance of UN trusteeship came as diplomatic and military sources were "threatening that Argentina would maintain hostilities against British forces

on the Falklands, if its forces were thrown off the islands. In the absence of a negotiated agreement, it is said here, attacks on the Falklands would be mounted from the Argentine mainland and British assets, already subject to official supervision, would be summarily confiscated.

Brigadier Miret is expected to renew his contacts with Mrs Jeane Kirkpatrick, the U.S. ambassador to the UN, who is seen here as one of the influential friends of the junta in senior positions in the Reagan Administration, who also include Vice-President George Bush. The well-publicised differences of opinion between Mrs Kirkpatrick and Mr Alexander Haig, the Secretary of State, have been followed closely here, with the junta eagerly hoping for Mr Haig's discomfiture.

As someone who served several years as defence attaché in Washington, Brigadier Miret knew Mrs Kirkpatrick before the Falklands crisis and is viewed here as the senior officer most familiar with the U.S. Admiral Moya is a close confidant of General Galtieri.

Falklands Crisis, Page 4

Thatcher seeks support on battle for Port Stanley

BY EUNOR GOODMAN, POLITICAL CORRESPONDENT

MRS THATCHER last night sought international and domestic support for a battle to retake Port Stanley, which she appeared to think was now almost inevitable.

She also made it clear that in the long term she would be looking to other nations to participate in some multinational peacekeeping force.

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Falklands Crisis, Page 4

Respite

In a series of television interviews for home and foreign consumption, she repeatedly put the responsibility for a potentially "prolonged and difficult battle" on Argentina.

The only way to avoid a battle now, she insisted, would be for Argentina to withdraw. At one point during the BBC interview she appeared to be offering Argentina a brief period of respite. She said that if they were going to withdraw, they would have to decide to do so "within a few days."

There could then "be a period of 10 to 14 days" for the withdrawal to take place. But it was clear from the other interviews that she does not want to encourage the Argentines to think they can play for time, and that she personally doubts whether a battle can be avoided.

A diplomatic solution was "just a possibility" but she did not think it very likely.

The interviews were the first Mrs Thatcher has given since Britain re-invaded the Falklands. The tone suggested that in some ways events since then had hardened her views.

"I cannot myself see a role in any way related to sovereignty for the Argentines on the Falklands. You saw what happened in Goose Green and Darwin and how our people

'Betrayal'

Ultimately the aim would be "self-government and independence."

In all five interviews, the Prime Minister stressed the need to protect "liberty, justice and democracy". Asked about the need to be magnanimous towards the Argentines, she said magnanimity was not a word she would use in connection with the Falklands. Some people were using it to suggest that Britain should hand over something to the Argentines. To do that to an "invader and aggressor and fascist dictator would be treason or betrayal of our own people."

Harriers reinforce Army for attack

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MAJOR REINFORCEMENTS of Harrier jump jets have arrived in the Falklands as British troops prepare for the final battle to take Port Stanley, the island's capital.

The Defence Ministry in London continued its official blackout of news yesterday on fighting in the Port Stanley area.

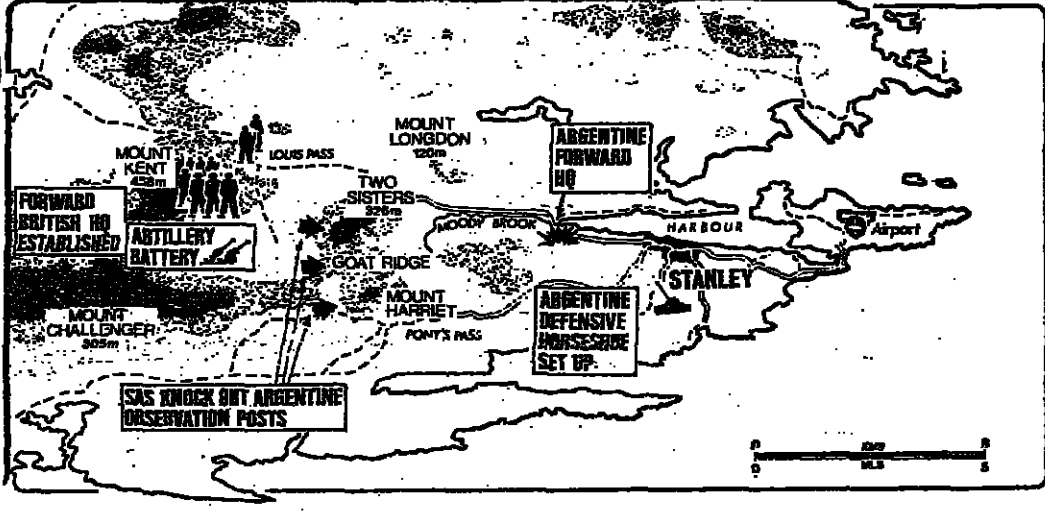
It seems clear that by Tuesday British forces were in control of all the surrounding hills and key passes to the town and were within easy striking distance.

Reporters with the British troops spoke of their artillery already firing on Moody Brook, the former Royal Marines base just west of Port Stanley.

The reports were released by the Ministry yesterday, but were apparently filed from the Falklands on Monday or Tuesday.

It was not clear last night whether the Royal Marines and paratroopers had already moved for the expected assault on Port Stanley, or were still consolidating positions.

On Tuesday it was being



suggested in Whitehall that a full-scale attack would not take place for three or four days.

The Ministry of Defence said yesterday that bombing of military installations in and around the airfield at Port Stanley was a feature of the past few days, and that in one attack two Harrier jump jets were damaged.

The two fighter-bombers ditched when they returned to the Task Force, the Ministry said. The pilots were rescued. Eight Harriers have been lost since the beginning of the campaign.

Further reinforcements of RAF Harriers arrived in the Falklands earlier this week, the Ministry said.

They are in addition to the 20 original Sea Harriers with the Task Force, and about 20, mainly RAF Harriers, which arrived two weeks ago.

It is unofficially suggested that there may be 20 or more in the new batch, making a possible total of 60 of the vertical take-off and landing fighters which have been dedicated to the

Continued on Back Page

Record Canadian Eurobond issue

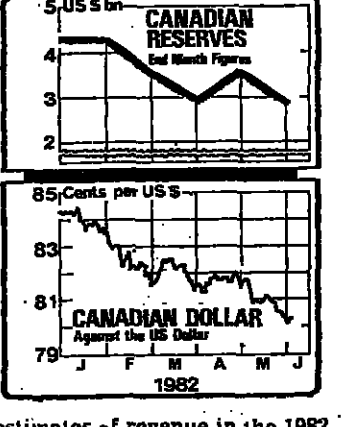
BY ALAN FRIEDMAN IN LONDON AND JIM RUSK IN OTTAWA

THE GOVERNMENT of Canada yesterday launched the largest single Eurobond in the market's 20-year history, a U.S.\$750m (€418m), five-year Eurodollar issue managed by Deutsche Bank and Credit Suisse First Boston.

The money is being raised to replenish Canada's declining foreign exchange reserves and to continue the defence of the Canadian dollar in currency markets. Canada's total gold and foreign currency reserves fell U.S.\$651m in May to reach \$2.87bn.

The underlying decline was \$951m, however, because the Government borrowed \$300m from a group of Canadian banks. The loan, from a \$3bn standby credit, was used to help defend the Canadian dollar, which has been in trouble for weeks.

Canada has healthy merchandise trade surpluses, but the deficit on its current account has continued to grow because of payments on services and on service debt. In addition, the



currency closed in London at 80.3 U.S. cents against 80.1 cents on Tuesday.

Canada's total outstanding public sector debt in foreign currencies—federal, provincial and municipal—is about U.S.\$38.2bn, according to the Bank of Canada. The Government's 1982 total cash requirement was thought to be C\$8.9bn a few months ago, but this estimate has been doubled by many analysts and government officials.

The Canadian issue received a mixed reception in the Eurobond market. Page 23

Eurobond prices hit by Canada's issue, Page 27

Money Markets, Page 40

£ in New York

	June 1	Previous
Spot	\$1,788.0795	\$1,785.7865
1 month	0.15-0.25 pmi	0.15-0.21 pmi
3 months	0.50-0.87 pmi	0.57-0.83 pmi
12 months	2.20-2.35 pmi	1.99-2.08 pmi

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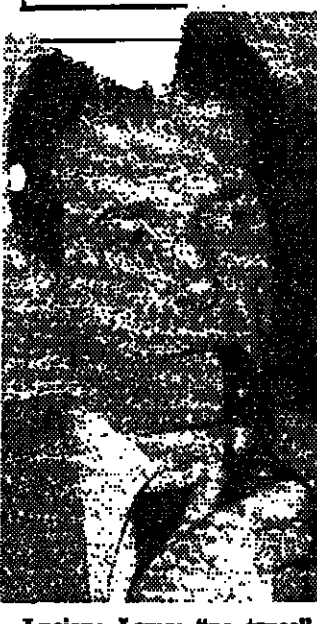
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Luciano Lama: "no truce"

Kes sweep Italy in protest at pay move

STRIKES AND demonstrations erupted across Italy yesterday in protest at the decision of the employers' association, Confindustria, to withdraw from the country's wage indexation agreement.

Milan had taken part. Fiat claimed that half its workers at the giant Mirafiori plant in Turin had stopped work, and 70 per cent at the traditionally militant Lancia plant at Chivasso.

Confindustria, and expressing alarm at the risk of a protracted wave of industrial agitation, especially if other trade and economic organisations also pull out of the scala mobile arrangements.

Confindustria has been at pains to stress that its move was in no way political. But there is widespread talk once more that the Government's demise could be hastened indirectly by the latest turn in events.

Labour's hopes ride on Dutch local polls

By Walter Ellis in Amsterdam

A HIGH TURNOUT of voters in Amsterdam and Rotterdam may have helped the Dutch Labour Party cut its expected losses in the country's municipal elections.

Even so the party is still thought to have fared badly. Labour, under the leadership of Mr Joop den Uyl, has been forecast to lose as much as 10 per cent of its normal support.

Such a result would confirm the trend begun in the provincial elections in March and would further strengthen the hopes of the Christian Democrats and the Liberals for a centre-right Government following this autumn's general election.

Interest also focused last night on the position of Democrats 66, a left-of-centre grouping currently forming part of the interim minority Government of Mr Dries van Agt.

It is generally felt now that Democrats 66, which has 17 seats in Parliament, is in decline, and a poor showing in the municipal elections would again give rise to optimism on the right.

The most likely result is solid gains for the Liberals, a slight advance by the Christian Democrats and medium-to-heavy losses by Democrats 66 and Labour.

A high poll in Amsterdam and Rotterdam could mean that Labour will continue to be involved in the government of the country's two largest cities.

This is important for the party, but the leadership will be even more concerned about the total vote received and about the loyalty of its traditional working-class constituency.

Mr den Uyl has indicated recently that he might be prepared to step down from the Labour leadership which he has held since 1967.

A poor performance by his party in the municipal elections might edge him closer to a decision.

W. German unemployment figure falls again

BY JAMES BUCHAN IN BONN

UNEMPLOYMENT in West Germany fell again last month to 1.65m but the Federal Labour Office warned yesterday that seasonal influences had merely masked the fact there was no real improvement.

The number of unemployed in May was 3.8 per cent, or some 64,000 lower than in April. This represents some 6.9 per cent of the workforce, against 7.3 per cent in April and under 5 per cent in May last year.

Herr Josef Stingl, the president of the Labour Office, said, however, that the unemployment figures, stripped of the seasonal influences on employment out-of-doors or on overtime, represented a structural deterioration of some 50,000 jobs to 1.8m unemployed. The level of job openings at the end of May was 120,200.

In these conditions, Herr Egon Lutz, a Social Democrat labour expert, warned of the real danger of unemployment exceeding 2m next winter. At the very least, the financial difficulties of the Labour Office are expected to be aggravated, with Herr Stingl expecting to need additional budget funds of up to DM50m (£1.2bn) to cover unemployment payments.

Better news came yesterday from the Federal Statistical Office which has revised sharply upwards its figure for manufacturing industry output for March. On a seasonally adjusted basis, output showed a rise of 2 per cent over February—rather than an expected fall of 1 per cent. This gives a quarterly result with the first sign of life after 18 months of stag-

nation. According to preliminary returns from the office, the figures for output in April are likely to continue the positive trend.

Herr Heinz Küncker, chairman of the powerful public service trade union, resigned yesterday from his post for reasons of bad health. Herr Küncker (57), had just led his union, which has more than 1m members in public service and transport, to victory in a bitter struggle against a government plan for a 1 per cent cut in civil servants' incomes.

The President repeatedly emphasised themes he is expected to raise at the seven-nation summit of the world's main industrialised countries which begins at Versailles tomorrow.

He called for significant reforms to the world's monetary and financial systems to ensure that national policies do not conflict with the needs of industrialised countries as a whole, causing recession and unemployment.

Further social unrest in both rich and poor countries, he said, could be prevented only through close policy co-operation among industrialised nations to manage economic recovery.

Protectionism in trade and cuts in aid to developing countries would hurt Europeans in the long run by slowing down the Third World growth as a market for goods, including technology, he added.

M. Mitterrand's address opened the conference's three-week session and set the tone of debates to come. The main proposal before delegates is for a new international convention laying down guidelines for employers when dismissing workers or announcing redundancies. The U.S. and Britain would prefer a recommendation which does not have the force of a treaty and is obeyed on a voluntary basis.

The other conference highlight will be an address by Pope John Paul II on May 15 on his return from Argentina. He is expected to appeal for more social justice and freedom for workers wishing to create trade unions.

Over the past two years weapons worth around \$1.5bn have been delivered to Iraq and paid for. Ostensibly, these payments have come directly from Baghdad. It is more likely, however, that they represent Saudi and Kuwaiti money in support of Iraq's war, channelled through Baghdad to preserve the fiction. Thus, after a break of nearly four years, Government money from the Arabian peninsula is indirectly finding its way back to Cairo.

The arms factories in Helwan and Heliopolis have been kept busy through these contracts, particularly for the production of ammunition, mines and spare parts for Soviet aircraft. Of heavier articles, between 40 and 50 T-55 Soviet-built tanks have been spotted on a vessel in Alexandria, and it is assumed that these are heading for Iraq. With the delivery of U.S.-M-60 tanks, Egypt has a tank surplus but it is reckoned that total sales would not exceed 100.

It is unlikely that Egypt would have supplied aircraft to Iraq. In spite of gradual deliveries of U.S. and European aircraft, Egypt needs every fighter and bomber it has, however ancient. Sending pilots would also seem unlikely, even though the Lebanese weekly An-Nahar Report and Memo recently reported that between 40 and 60 Egyptian pilots were in Iraq.

Ground troops could be a different issue, because there are about 30,000 Egyptians working in Iraq; some of whom could have been seconded, much as British servicemen have been seconded to the Arab States. The Egyptian air defence experts have been helping in such states as Bahrain.

President Hani Mubarak this week called upon Iraq and Iraq to stop fighting. He was backed up by President Janfar Nimeiri of Sudan in a one-day visit on Tuesday, who said he had called a summit to discuss the war and that Egypt should attend. Such a summit would include countries like Algeria, Libya, Syria and South Yemen and the Palestine Liberation Organisation, the steadfastness front most in opposition to Egypt's peace treaty with Israel.

Egypt appears to have calculated that while there could be difficulties in becoming involved in a complicated Middle East political conflict at a time when security and economic problems at home are still the priority, these are outweighed by several factors.

The first is the Iraqi victory opens the way to a change of Government in Iraq, which could produce an axis composed of Syria, Iraq and Iran. This would radically change the balance of power in the eastern part of the region and would worry the States on the Arabian peninsula deeply.

Second, although Egypt is no longer a member of the Arab League as a whole, it is the only credible counter-balance to this axis. Egypt could offer support (even military support) to the moderate Arab States would lobby for its partial return to the Arab fold.

Solidarity looks poised to issue general strike call

BY CHRISTOPHER BOBINSKI IN WARSAW

SOLIDARITY'S clandestine leadership in Warsaw has urged its supporters to suspend all forms of protest against martial law—but it appears, nevertheless, to be moving towards calling a general strike.

In a statement published in the underground press, the four-man Warsaw region leadership says that some Warsaw factories have said that a date must be fixed for a general strike which would force the authorities to negotiate with the union.

The statement bears the hallmarks of a compromise between the clandestine radicals, who are arguing for a confrontation with the authorities and the moderates, like Mr Zbigniew Bujak, the Warsaw region leader, who are inclined to take a long-term view.

It admits that present forms of protest like lighting candles in windows to commemorate the introduction of martial law and short protest strikes have not produced results.

But the statement says that the May 13 strike call for a 15-minute stoppage was heeded by 70 to 80 per cent of the factories in the Warsaw area.

In light of the request that the regional leadership fix a date for a general strike, the statement calls on union supporters in each factory to set up "cells" to prepare the stoppage.

These would sound out support on the shop-floor for such a stoppage, and the forms it should take.

More light is shed on the differences of opinion inside the movement by extracts from a letter sent by Mr Bujak on May 41 to Mr Bogdan Lis, the union leader in Gdansk, which was published in the Mazowsze clandestine weekly.

Mr Lis had said that factories in Gdansk were behind a general strike.

Mr Bujak says that such a strike would be an attempt to overthrow the Government — revolution, no less.

"I personally will not be the one to call for such a strike. It would mean sending thousands of people to their deaths, and I don't want to be responsible for that," Mr Bujak says.

But he does suggest that factory activists should tell the national leadership what they think and then, if over 80 per cent of the large plants back the strike, the four-man leadership would be "ready to support the call for such a strike."

Jobless and inflation put Spain's economic programme at risk

BY ROBERT GRAHAM IN MADRID

RIISING INFLATION and a continuing increase in the level of unemployment to more than 15 per cent of the active population are undermining the Spanish Government's economic plans. These plans are based on a social contract between the Government, the employers and the unions and this pact, too, is now at risk.

The broad lines of policy for this year were that the inflation rate would be cut to 12 per cent, wages would be held to a 9.11 per cent band, and the number of unemployed would be constant, with the Government guaranteeing 350,000 new jobs. These overall aims were also the basis of the recently published conclusions in the OECD's annual report on Spain.

In the first five months of the year, however, the only element that appears to be going as planned concerns wages. The average for private sector wage settlements is just above 10.5 per cent, so keeping within the outer limits of the band. This has been possible because the unions have respected the limits imposed. Here, the moderation of the Socialist-controlled General Workers Union (UGT), has been important.

Against this, inflation has been running much higher than expected. The latest figures just released for April show a 1.3 per cent increase over the previous month, giving a year-on-year rate of more than 14 per cent. This is almost the same level as last year and underlines the enormous difficulty the authorities have encountered in the past five years in bringing Spanish inflation into direct line with that in the main OECD countries.

This year's increases are attributed to generous farm support price settlements and higher foodstuff imports due to the drought. The decline in the value of the peseta has been offset by the stabilisation of oil prices.

Another important inflationary element, which has been highlighted by the business community, is the sharp increase in public sector spending.

During the first four months of the year, the treasury's resort to the Bank of Spain has totalled Pta 520bn (£2.5bn). This is more than the budget envisaged for the whole of 1982. During the same period last year, advances by the Bank of Spain to the Treasury totalled Pta 320bn (£1.7bn) and, as an indicator, reached Pta 57bn (£3.1bn) for the year as a whole.

The increase in public sector spending is also underlined by a rise in the money supply which is running at a yearly average of 17 per cent, two points higher than the previous year. If the first six months' inflation figures continue like this, the Government will be obliged to top up wages, as agreed in the social contract. Economists believe the Government is most likely to resort to holding back price increases artificially until July, as happened last year.

Perhaps more serious, from a politico-economic point of view, is the rise of unemployment. In the first quarter, unemployment rose from 1.74m to 1.8m, with 15.5 per cent of the active population jobless. The figure is expected to rise in the second quarter to more than 2m and is probably already past this mark.

The increase in jobless is in stark contrast to one of the principal undertakings in the social contract. The unions, in return for accepting a 1% real wages were promised—albeit in vague terms—that unemployment would not increase because 350,000 jobs would be created this year.

This promise now appears wildly optimistic and could cause serious discontent within the union movement with criticism of bad faith levelled against both the Government and the employers. It will also make it more difficult to arrange a wages pact for 1983.

The same problems apply to Portugal's congenitally weak agriculture. Much of it still lags in the pre-mechanical dark ages, devoted to the apparently sacred principle of one-man-one-cow or one-man-one-cornstalk, however impractical the economics of this individualism. The Community is still waiting for proposals on which to apply the stabilisation of the 100m units of account set aside in direct grants for Portuguese agriculture.

The country is importing 74 per cent of its food and animal supplies this year, thanks to drought last year, under-capitalisation, inefficiency and antiquated storage and marketing systems. The EEC could hardly be blamed for occasional shows of bleakness when asked what it plans to do about Portugal's agriculture. Since the Portuguese appear not to know themselves how to approach this truly daunting subject, the bleakness is mutual.

The Portuguese seem to want a long restrictive period of transition to protect key sectors like finance from massive foreign competition. They want five years to adjust their hideously complex tax system to VAT—the EEC's bread and butter—and three years of controls on capital movements after accession. Capital movements controls have been received with understanding—the other hefty requests have been less well-accepted.

Understanding was the keynote when Portugal emerged from revolutionary turmoil, made its bid for membership. But there is a feeling in the air that midway through 1982 it can no longer rely on the understanding of the Ten. Portugal must be methodical in its work of its dossiers or face the delays and disappointments incurred by less careful preparation.

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Mitterrand call to revive economies

By Brj Khindaria in Geneva

THE WORLD'S 115m young people without work can be saved from sinking further into the "quicksand of unemployment" only if the major powers put aside their narrow national interests to revive the world economy, President Francois Mitterrand, of France, said here yesterday.

Addressing the 147-nation annual conference of the International Labour Organisation, Mitterrand repeated his call for "European space," comprising at least the EEC countries, where workers would be guaranteed jobs.

He rejected the U.S. thesis that market forces should be relied upon to boost economic growth and create jobs. Europeans should spend more on social policies, training workers to handle new technology, and on protecting those who work in multinational companies against decisions taken by headquarters located abroad.

The best way to handle problems created by unavoidable redundancies is to establish committees of worker, employer and government representatives on the pattern begun by his Socialist Government in France.

The President repeatedly emphasised themes he is expected to raise at the seven-nation summit of the world's main industrialised countries which begins at Versailles tomorrow.

He called for significant reforms to the world's monetary and financial systems to ensure that national policies do not conflict with the needs of industrialised countries as a whole, causing recession and unemployment.

Further social unrest in both rich and poor countries, he said, could be prevented only through close policy co-operation among industrialised nations to manage economic recovery.

Protectionism in trade and cuts in aid to developing countries would hurt Europeans in the long run by slowing down the Third World growth as a market for goods, including technology, he added.

M. Mitterrand's address opened the conference's three-week session and set the tone of debates to come. The main proposal before delegates is for a new international convention laying down guidelines for employers when dismissing workers or announcing redundancies. The U.S. and Britain would prefer a recommendation which does not have the force of a treaty and is obeyed on a voluntary basis.

The other conference highlight will be an address by Pope John Paul II on May 15 on his return from Argentina. He is expected to appeal for more social justice and freedom for workers wishing to create trade unions.

Over the past two years weapons worth around \$1.5bn have been delivered to Iraq and paid for. Ostensibly, these payments have come directly from Baghdad. It is more likely, however, that they represent Saudi and Kuwaiti money in support of Iraq's war, channelled through Baghdad to preserve the fiction. Thus, after a break of nearly four years, Government money from the Arabian peninsula is indirectly finding its way back to Cairo.

The arms factories in Helwan and Heliopolis have been kept busy through these contracts, particularly for the production of ammunition, mines and spare parts for Soviet aircraft. Of heavier articles, between 40 and 50 T-55 Soviet-built tanks have been spotted on a vessel in Alexandria, and it is assumed that these are heading for Iraq. With the delivery of U.S.-M-60 tanks, Egypt has a tank surplus but it is reckoned that total sales would not exceed 100.

It is unlikely that Egypt would have supplied aircraft to Iraq. In spite of gradual deliveries of U.S. and European aircraft, Egypt needs every fighter and bomber it has, however ancient. Sending pilots would also seem unlikely, even though the Lebanese weekly An-Nahar Report and Memo recently reported that between 40 and 60 Egyptian pilots were in Iraq.

Ground troops could be a different issue, because there are about 30,000 Egyptians working in Iraq; some of whom could have been seconded, much as British servicemen have been seconded to the Arab States. The Egyptian air defence experts have been helping in such states as Bahrain.

President Hani Mubarak this week called upon Iraq and Iraq to stop fighting. He was backed up by President Janfar Nimeiri of Sudan in a one-day visit on Tuesday, who said he had called a summit to discuss the war and that Egypt should attend. Such a summit would include countries like Algeria, Libya, Syria and South Yemen and the Palestine Liberation Organisation, the steadfastness front most in opposition to Egypt's peace treaty with Israel.

Egypt appears to have calculated that while there could be difficulties in becoming involved in a complicated Middle East political conflict at a time when security and economic problems at home are still the priority, these are outweighed by several factors.

The first is the Iraqi victory opens the way to a change of Government in Iraq, which could produce an axis composed of Syria, Iraq and Iran. This would radically change the balance of power in the eastern part of the region and would worry the States on the Arabian peninsula deeply.

Second, although Egypt is no longer a member of the Arab League as a whole, it is the only credible counter-balance to this axis. Egypt could offer support (even military support) to the moderate Arab States would lobby for its partial return to the Arab fold.

Understanding was the keynote when Portugal emerged from revolutionary turmoil, made its bid for membership. But there is a feeling in the air that midway through 1982 it can no longer rely on the understanding of the Ten. Portugal must be methodical in its work of its dossiers or face the delays and disappointments incurred by less careful preparation.

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Iraqi air force warns Iran against invasion

BY OUR FOREIGN STAFF

IRAQI air force jets broke the sound barrier over Tehran and the holy city of Qom yesterday in what was seen as a clear warning to Iran not to attempt an invasion of Iraq.

A military spokesman in Baghdad said the flights demonstrated Iraq's ability "to reach out to any target in Iran."

This warning is aimed at deterring the Iranian authorities from shelling anew any city or civilian installations in Iraq, he said.

The southern Iraqi town of Basra, on the Shatt al-Arab waterway has been shelled several times since Iran recaptured the nearby port city of Khorramshahr 10 days ago.

This prompted Iraq to launch air attacks last weekend on the main Iranian oil export terminal at Kharg Island. Although there have been no confirmed reports of damage, Japanese shipping companies said yesterday that they had suspended their services from the terminal. Oil company officials said they believed that damage had been slight.

A further possible escalation of the 20-month old Gulf war came with an alleged warning to Kuwait that vessels approaching that country might be stopped and searched by Iranian warships.

The Kuwait newspaper Al-Anbasa said that the Kuwait Chamber of Commerce had been told by Mr Ali Shams Arakani, the Iranian ambassador, that local businessmen should stop using the term "Arabian Gulf" in their shipping and import documents.

A spokesman for the chamber said it had been told that vessels heading for Kuwait would be intercepted if they did not abide by the stipulation and would risk not being allowed to continue to their destination.

Kuwait had no intention of giving in to the Iranian threat and complained that it had not been delivered through proper diplomatic channels.

Iran, meanwhile, conceded that Iraqi aircraft had flown over Tehran and Qom but said that no bombs had been dropped or targets attacked. A government spokesman said that Iranian jets had been scrambled to drive off the enemy aircraft.

This is the first time in more than a year that Iraqi aircraft have ranged so deeply into Iran.

MILITARY AID TO IRAQ CONTINUES Egypt sees a way back to the Arab world

BY ANTHONY MCDERMOTT IN CAIRO

FOR THE first time in decades, the one issue now dominating Egyptian foreign policy is not Israel and the Palestinians. Egyptian attention is concentrated instead on the Gulf and on the country which led the Arab boycott of Cairo after President Anwar Sadat's peace overture to the Jewish state.

In November, 1978, Iraq played host to an Arab summit which drew up a comprehensive programme to boycott Egypt after its Camp David accord with Israel. Today, Egypt's supply of arms to Iraq, whose Government has recently suggested direct military intervention might be welcome in the face of a humiliating defeat by Iran in the Gulf war, could open the way for Egypt's return to the Arab world, or at least the more moderate part of it.

The Gulf war has certainly thrown up some strange alliances, so that compared with Israeli arms supplies to Iran, Egypt's to Iraq should not appear so illogical. The fact is that in spite of the Arab boycott, Iraq began turning to Egypt for arms fairly soon after the conflict began, in September, 1980. The late President Sadat made it public the following March. Today little is hidden. Iraqi military aircraft can be seen at Cairo airport and civilian flights between Cairo and Baghdad resumed last month.

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Portugal's EEC deadline threatened by badly-prepared homework

BY DIANA SMITH IN LISBON

"WE DIDN'T apply to join Portugal, Portugal applied to join us," said M Gaston Thorn, president of the EEC Commission, while on a visit to Lisbon. In case the message had not sunk in, he added that if Portugal hoped to get into the European Economic Community by January 1 1984 "a great deal of work must be done," by the Community as well as Portugal, M Thorn stressed. It was clear, however, that the pith of his remarks was intended for Portugal's negotiators.

For this is the crucial year. If Portugal does not put its best efforts into preparing the toughest dossiers on the agenda for June and October—customs union, agriculture, fishing, taxation, right of establishment and social affairs, most importantly, labour movements—it may miss the chance to sign its accession treaty by the end of 1982.

That would be a serious psychological blow for the Balsemão Government, which is visibly anxious to have negotiations over and done with before the year ends. The blow for the EEC, which has only a brief lull in its budget wrangles with the UK between now and November, would be less painful. In times of Community crisis, candidates have to press their cases even more effectively.

It is not clear whether Portuguese officialdom has absorbed the message M Thorn delivered during his April visit to Lisbon, or the polite hints dropped sotto voce that Spain is getting on with better-prepared dossiers—so what about a show of Portuguese energy?

Portugal does not present the threat to many Community products that makes some members of the Ten fear Spanish accession. Nevertheless, it has serious shortfalls in some areas and two strongly competitive and politically sensitive domains: her textiles and her manpower.

Textiles represent 42 per cent of Portugal's industrial output, since the expiry of the voluntary restraints agreements this year, they have been able to enter the Community freely. Portuguese officials get jumpy when warned that the UK and France, whose textile industries are in difficulties, could insist on a post-accession transition period of perhaps two to three years when quotas would be enforced. There are signs that the customs union dossier scheduled for the June ministerial meeting may not be cleared because of the possibility of a tough Portuguese stand against any temporary derogations of free circulation of goods.

Should this crucial dossier be shelved, this will affect the bulk of negotiations. The Community presidency switches from Belgium to Denmark on July 1, a point in Portugal's favour, since the smaller nations tend to be more amenable to such candidates.

But the statement says that the May 13 strike call for a 15-minute stoppage was heeded by 70 to 80 per cent of the factories in the Warsaw area.

In light of the request that the regional leadership fix a date for a general strike, the statement calls on union supporters in each factory to set up "cells" to prepare the stoppage.

These would sound out support on the shop-floor for such a stoppage, and the forms it should take.

More light is shed on the differences of opinion inside the movement by extracts from a letter sent by Mr Bujak on May 41 to Mr Bogdan Lis, the union leader in Gdansk, which was published in the Mazowsze clandestine weekly.

Mr Lis had said that factories in Gdansk were behind a general strike.

Mr Bujak says that such a strike would be an attempt to overthrow the Government — revolution, no less.

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Bangladesh liberalises investment policy

A new industrial and investment policy was announced yesterday by Bangladesh, which virtually undoes a decade of nationalisation of major industries and liberalises the provisions for foreign investment. AP-DJ reports from Dhaka.

Mr Shafiqul Azam, who is adviser to the chief martial law administrator in charge of industries and commerce, said jute and textile industries formerly owned by Bangladeshi entrepreneurs will be returned to them shortly. About half of the jute and textile industries will be returned to the private sector.

Six sectors of basic industries will be reserved for the public sector and will remain closed to foreign investment.

Egypt considers military requests

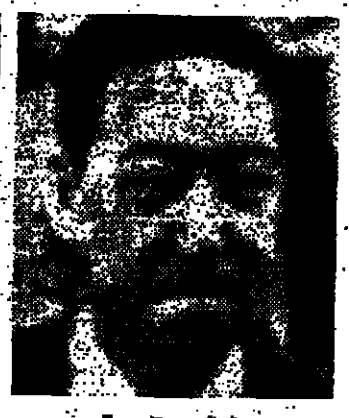
Egypt is considering a British and French request for permission to conduct military exercises in the Egyptian desert, Field Marshal Abdel Halim Abu Ghazala, the Egyptian Defence Minister, said yesterday. Reuter reports from Cairo.

S. African activist's banning continues

Dr Mamphela Ramphele, who helped found the Black Consciousness movement with the late Steve Biko, was banned on Monday for a further two years, her family said. AP reports from Johannesburg.

U.S. 'genuine,' says Nujoma

Mr Sam Nujoma, leader of the South West Africa, People's Organisation (SWAPO), which is fighting a guerrilla war for independence in Namibia, said after meeting Mr Chester Crocker, U.S. Assistant Secretary of State, in Bonn, that he now believed the U.S. wanted a speedy end to the conflict with South Africa. He also said he believed the U.S. wanted genuine independence in Namibia. AP reports from Bonn.



S. Korean Foreign Minister removed

By Ann Charters in Seoul

IN ANOTHER Cabinet change just two weeks after a major reshuffle, President Chun Doo Hwan has named chief Presidential Secretary Lee Bum Suk as Foreign Minister.

Mr Lee, a career diplomat who has only been a member of the Presidential staff since January and was formerly Minister for National Unification, replaces Mr Lho Shin-Yong. Mr Lho is believed to have been removed because Korea's request for \$6bn in aid from Japan is still pending after more than a year, despite ministerial-level talks in Japan and Korea.

Bilateral talks on the aid request broke off in April when the Japanese offered to discuss \$4bn in aid and loans. Although the new appointment may not immediately lead to renewed talks, Japan is reported to welcome the change and Mr Lee is said to be well regarded in Tokyo.

Mr Lho will remain active in the Government and has been named Director of the Agency for National Security Planning, the successor to the Korean Central Intelligence Agency.

In another development, former Opposition politician and Presidential contender, Mr Kim Young-Sam has been placed under house arrest, following statements published in the New York Times.

AP-DJ adds from Seoul: the Prosecutor-General's office has indicated 28 people in connection with the Korean town scandal. Heading the list were Lee Chol-Hui, one-time Deputy Director of the Korean Central Intelligence Agency, and his wife, Chang Young-Je.

Japan fears Versailles criticism over weak yen

BY CHARLES SMITH, PAR EAST EDITOR IN TOKYO

JAPANESE officials are afraid that the sudden weakening of the yen during the past few days could result in Japan finding itself at the centre of critical attention at the Versailles economic summit this week despite the Government's efforts to defuse criticism with its recent trade liberalisation measures.

The yen has lost more than 10 points against the dollar during the past two weeks and would almost certainly have fallen further but for heavy intervention by the Bank of Japan.

In Tokyo yesterday the closing rate against the dollar was ¥244.65—a drop of three points on the day. Market turnover has been at record, or near record, levels for the past two days and intervention by the Bank of Japan may have totalled around \$200m a day.

The governor of the Bank of Japan, Mr Haruo Maekawa, told foreign journalists early this week that the yen's weakness was due entirely to the external factor of U.S. interest rates (which have begun rising again following the failure of talks between the Administration and Congress on ways to eliminate the U.S. budget deficit).

Japanese officials, however, are well aware that there are two sides to the interest rate argument. Japan's rates are the lowest for any major country and arguably deserve a share of the blame for the outflow of long-term capital which has been the immediate cause of the falling exchange rate.

Officials in Tokyo have repeatedly said that they will take no action to widen the present gap between Japanese and U.S. interest rates, but they have also argued that in the country's present economic situation any rise in interest rates is unthinkable. The reason for this is that while interest rates have been static for some time, real interest rates (the difference between nominal rates and inflation) have risen sharply with the fading of inflationary pressures.

Long-term real interest rates which rose from 1.5 per cent in March last year to 4.8 per cent early this year are said to have added to the financial burdens of industry at a time of domestic recession and to have become a difficult problem for small companies.

Because of the burden of real interest rates—and because Japan believes it is obliged to follow a rigid fiscal policy to restructure the budget, the Bank of Japan sees no option but to keep interest rates where they are, for the time being.

Some private critics of the Government's policies believe, however, that the central bank could be forced to raise interest rates even without pressure from outside. This could happen if the Japanese capital market proves unable to support the very heavy burden of Government bond issues that will be made necessary by recent shortfalls in national tax revenue.

Higher interest rates together with continuing—or even increased—amounts of deficit financing in the form of bonds issues would represent a radical change from the economic policy the Government is trying to follow at present, but it could conceivably become unavoidable.

Tokyo plan to persuade loss-making petrol stations to close

BY RICHARD C. HANSON IN TOKYO

JAPAN'S Ministry of International Trade and Industry (MITI) has finally plucked up the courage to tackle the problem of Japan's 30,000 superfluous petrol stations. The Ministry is expected to announce proposals soon which will offer every incentive to station owners either to merge operations or to move into other sectors.

Forcible closure of loss-making stations will be avoided because of the large-scale unemployment this would cause: to put even 10 per cent of the country's present total of 59,000 stations out of work would create 24,000 unemployed

and indirectly affect 67,000 people. Short of using force, however, the Ministry appears to have decided that something must be done.

The MITI plan to rationalise petrol stations by a policy of persuasion goes hand in hand with a plan to reduce the capacity of Japan's overblown oil refining industry by 17 per cent—around 1m barrels a day.

Scrapping oil refining capacity, however, demands little more than the reluctant agreement of the 13 major companies in the industry. Rationalising the distribution of petrol will be far trickier as nearly 80 per cent of petrol station

owners are independents: over 30 per cent are one-man or one-family businesses.

Japan has more than double the number of petrol stations than either the UK or West Germany, but only 50 per cent more demand for petrol. This is partly because a large number of people left the land and moved into the petrol trade in the 1950s and 1960s—the number of petrol stations increased 30 times between the beginning of the 1950s and the mid-1960s.

It is also because ownership of a gas station has always been seen as a status symbol. Petrod station owners in their heyday earned as much as salaried staff with top Japanese companies

and many times more than humbler types of retailers, such as greengrocers.

Today, however, 70 per cent of petrol stations operate at a loss and most only stay in business by making attractive special offers to customers. Many petrol stations provide a free car wash after the purchase of a gallon of fuel. Others give out coupons which can be used to buy several dozen different groceries at local stores at a flat rate of ¥10 (21p). Yet another idea is giving customers a discount every time a favourite baseball team wins.

The intense competition between them means Japanese petrol stations are famous for their service. At nearly all petrol stations sales assistants approach at the double when a car appears. Washing and wiping windows is considered obligatory and vacuum cleaning rugs is not unknown.

Excess competition has also had its effect on prices. The cost of petrol has risen only 65 per cent since before the first oil crisis to about ¥750 (£1.74) per gallon, although station owners and the oil companies would prefer to see the price over ¥900 per gallon.

MITI, by ordering cuts in refining capacity, might be helping to set the stage for price increases. Among those who will be squeezed by tighter supplies are those stations not affiliated with an oil company. These stations have, at times, spent attempts to raise prices.

MITI's major weapon for reducing the number of surplus stations is expected to be the offer of special loans from a state-owned bank specialising in small business finance to those who consent to close. The Ministry is being careful not to sound over-confident about the results of its programmes, however. A "conservative estimate" is that in five years' time Japan might still have 95 per cent of the petrol stations it has at present.

Gas dispute jeopardises future of Thailand's fertiliser plant

BY JONATHAN SHARP IN BANGKOK

THE BUBBLE of euphoria felt by Thai economic planners last year, following the selection of a Scandinavian consortium to build a giant fertiliser complex, has now been depressingly punctured by a dispute over fuel prices between the Government and the consortium. The deadlock has led to speculation that the Thai Government may throw the project open again to international bidding.

The speed with which the Thai Government processed and approved the offer made by the consortium of Haldor Topsoe of Norway and Swedens Development Corporation of Sweden confounded the Government's critics. Earlier, the cynics had scoffed at the abandonment of

plans after six months of negotiations with a U.S.-Japanese group to construct the project. The Scandinavian bid appeared to be set fair for success, however, not least because the proposals included terms that were unexpectedly generous to the Thais.

The plant, costing up to 12,000m baht (£290m), would be built on Thailand's ambitious eastern seaboard industrialisation project, south-east of Bangkok. It would use as feedstock the bountiful supplies of natural gas coming onstream from the Gulf of Thailand.

The plant's output would raise the relatively low level of fertiliser used in Thailand. That farmers have long recognised the benefits of fertiliser but

have been constrained by high costs from applying it to the same extent as their neighbours in other South-East Asian countries.

The project would also reduce Thailand's heavy dependence on imported fertiliser, which last year cost more than 3,000m baht (£73m).

Unfortunately, the planners' high hopes are nowhere near being realised. Deadlines for signing the final contract on the deal at the end of 1981 and in March this year have passed and, while negotiations have continued, questions are beginning to be raised as to whether the project will get off the ground in its present form.

Ironically, the main sticking point in the talks between Thai officials and the Scandinavians concerns the natural gas that has been touted as the answer to Thailand's prayers.

The provisional agreement stipulated that the completed fertiliser plant would buy the gas at cost price, but the two sides have differed widely on what constituted the real cost of supplying the gas.

While a definition of the cost price has apparently now been agreed, the actual price of the gas to be supplied remains in dispute.

The Government is offering \$3.40 (£1.68) per 1,000 cu ft, which the Scandinavians say is far too high, particularly in view of the tumbling world prices for fertiliser.

The Scandinavians noted that Indonesia, for example, sells gas for as little as \$1 per 1,000 cu ft, and proposed in turn that the Thai gas should be provided at \$2.50. This figure was calculated from the cost of Indonesian gas, plus \$1.50 per 1,000 cu ft that would be paid for transportation to Thailand.

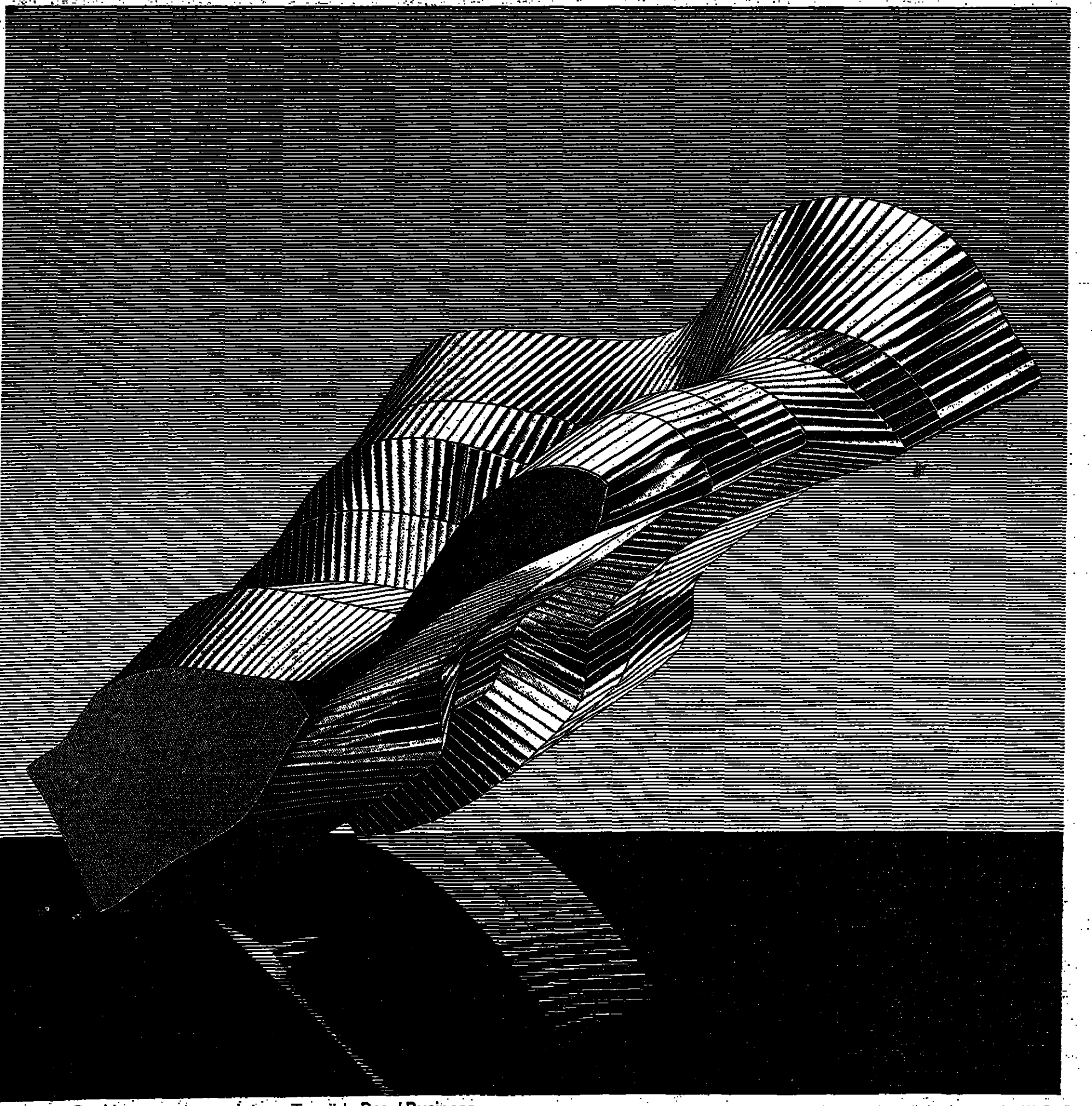
It has also been suggested that since the consortium agreed to supply fertiliser to the Thai market at less than the world price, the Government should be prepared to subsidise the cost of the gas. But it is believed the Government balked at paying a subsidy.

The Government argues that to allow such concessions would expose it to attack from other investors who were not able to gain such privileges.

Moreover, the Government says that the low Indonesian gas price is not relevant for Thailand: in Indonesia the gas is a cheap by-product from the exploitation of oil reserves while the huge investment in the Gulf of Thailand has been for gas alone.

To bolster its case, the Thai Government has hired independent consultants from the U.S. who forecast that the world fertiliser price will eventually rise, and therefore the consortium should be prepared to accept losses for the first few years before reaping high profits later.

At present, the argument appears to be deadlocked.



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THE FALKLANDS CRISIS

The U.S. and Argentina: End of a beautiful friendship

BY JIMMY BURNS IN BUENOS AIRES

THERE IS a new cartoon being bandished around Buenos Aires these days. In a normally humourless city, the picture shows Mr Alexander Haig, the U.S. Secretary of State, hiding under a heavy cloak, clutching a machine-gun, a shady body-guard behind a demonic Mrs Thatcher.

Whatever the outcome of the Falklands crisis, one of the key areas of Argentina's foreign policy—its relations with the U.S., is unlikely ever to quite be the same again. "Britain is our enemy, but the U.S. is much worse than that—it is a traitor," said an Argentine diplomat, summing up the public mood.

To the British, Washington's decision to line up behind Mrs Thatcher was natural enough. Indeed, London seemed to have initially balked at the fact that Mr Haig wasted so much time with his shuttle diplomacy trying to make concessions to Buenos Aires. But in Argentina, the announcement that Washington would impose limited economic sanctions on the junta and offer military assistance to the British task force was greeted with horrified incredulity.

Before Argentina's invasion of the Falklands, Buenos Aires and Washington had been concentrating on forging new links. For both President Ronald Reagan and President Leopoldo Galtieri, the alliance appeared to spring from a common appreciation of the state of the world, particularly of Latin America. Both saw a clear-cut division between Communist and Western influence and for the need to defend the latter whenever possible.

President Galtieri, on assuming power last December, passionately declared his pro-Western values and subsequently offered full backing for President Reagan's policy in central America.

Argentine advisers skilled in anti-guerrilla warfare, were sent to help the Duarte regime. In return, the Reagan Administration adopted a more generous attitude towards Argentina than that of former President Jimmy Carter.

The fact that Argentina was the one major grain producer that refused to go along with

the embargo following the Soviet invasion of Afghanistan was diplomatically forgiven Argentine's human rights shortcomings another bone of contention under President Carter. were also seen through new eyes. Within weeks of President Galtieri's coming to power, the Reagan Administration had privately conceded that human rights had improved sufficiently for him to be able to recommend a repeal of the Humphrey-Kennedy amendment which restricts U.S. arms sales to Argentina.

All this was taking place against the background of constant private meetings between Argentine and U.S. military officers and the nourishing of Argentine strategic ambitions. The most important of these ironically, was the prospect of Buenos Aires assuming the role of defender of part of the South Atlantic against Soviet incursions.

However Utopian such a concept, there is little doubt that by the time Buenos Aires decided to invade the Falklands, the military junta felt sufficiently secure in its ties with the U.S. to predict a lukewarm reaction from Washington. Equally, Washington had convinced itself that it wielded sufficient influence with President Galtieri to dissuade the Argentine armed forces from going beyond the brink.

Only when President Reagan telephoned President Galtieri on the night of April Fool's Day did both men probably realise for the first time the full extent of their mutual self-deception. By that time, the first Argentine war vessels were already in Falkland waters, reportedly beyond recall.

The telephone call, in retrospect, should have been conclusive proof to both Buenos Aires and Washington that their links were not as strong as either had at one time assumed. But the subsequent emergence of Mr Haig as mediator, and the initial warm acceptance by the junta of his initiative, was a sign that the shock had temporarily given way to renewed hope.

Argentina now argues that Mr Haig's mediation was a



RAF officer inspects a stock of napalm bombs found after British troops captured Goose Green settlement. Reporters saw more than 30 220kg napalm tanks in the centre of the village and 50 bombs stored at the airfield. The bombs were to have been dropped by Pucara aircraft

synical attempt by Washington to play for time and allow the British task force to move into position. At the time, however, there were enough Argentine officials who firmly believed that Mr Haig could wrangle an agreement from Mrs Thatcher, leading to British recognition of Argentine sovereignty over the Falklands.

Judging from more recent statements by junta members and Argentine Foreign Ministry officials, it would seem that Argentine tempers have cooled somewhat since the initial outbursts which followed the collapse of the Haig mediation efforts.

The speech of Mr Nicanor

Costa Mendez, the Argentine Foreign Minister, to the Organisation of American States, recently, toned down a first draft which was far more hostile towards Washington. Buenos Aires meanwhile continues to insist that it is seeking new lines of communication with Washington, by pursuing contacts with people like Mrs Jeanne Fitzpatrick, the U.S. ambassador to the United Nations and Mr William Clark, a senior adviser to the State Department.

However, the damage is far from being repaired. Arguably, the "Latin Americanists" within the U.S. Administration have been discredited as a result of

the Falklands debacle—U.S. diplomats from now on are likely to be far more cautious before going overboard in its relations with potentially unstable military regimes in the Third World.

U.S. diplomats are far from convinced that the Argentine leaders with whom they have talked in the past will be around for very much longer. The very unpredictability of Argentine domestic politics cautions against making any firm commitment to the cause of its foreign policy.

There is, however, a firm conviction in diplomatic circles that the events of the past few weeks have opened up a

Pandora's box of latent anti-U.S. feelings which will be extremely difficult to close. While Latin American solidarity behind Argentina has fallen short of what Buenos Aires expected, the fall-out of the Falklands crisis has been serious enough, not least in the virulently anti-U.S. attitudes in Venezuela and Peru. Venezuela in particular, because of its role in the Caribbean basin, is a potential ally which Washington can ill afford to do without.

In Argentina, the major opposition grouping, the Peronists, appear to be exploiting the equivocation of the last few weeks to the full, pressing for a radical change in Argentine

foreign policy. Drawing on the writings of Gen. Peron, they want to see Argentina placed on a pedestal and marshalling the Third World behind a new non-aligned movement, clearly distanced from Washington.

Such extreme nationalist feelings are shared by a number of Argentine officers, who dismiss the current anti-U.S. sentiment of men like President Galtieri as opportunistic.

In the current anti-Yankee phase, much is at stake, not least U.S. business in Argentina. The U.S. tops the list of foreign investors with investments estimated at about \$2.5bn. The U.S. business community straddles most key sectors of the Argentine economy with names like Ford, Exxon, IBM, Continental Grain and Deere. Ford is the U.S. company with the largest stake in Argentina. Its 1980 sales were worth \$1.9bn. Citibank and First National Bank of Boston rank high in the list of local private banks.

U.S. banks both inside and outside Argentina are ruffled by Argentine nationalist voices which are beginning to urge the Government to declare a universal moratorium on its debts. Argentina owes an estimated \$9.2bn to U.S. banks.

There is also the much wider question of future U.S. influence in the area and the possible realignment of Argentina with the Soviet Union. Diplomats in Buenos Aires appear to have ruled out the possibility of direct intervention by the Soviet Union or the Cubans in the Falklands crisis.

Nevertheless the Soviet Union is likely to exploit the Falklands crisis by stepping up its trade with Argentina, and introducing a new element in arms sales. The U.S. appears to recognise that unless a lasting peace is achieved between Argentina and Britain, Washington's own trade in armaments to Buenos Aires, suspended since 1978, is unlikely to resume.

In foreign investment generally, the slack left by the U.S. is likely to be eagerly taken up by countries like Japan and Italy, who have not participated fully in sanctions against Argentina and are keen to build their presence in the country.

Marines 'yomping' through mud to Stanley

The following is a pooled dispatch from Charles Laurence, Sunday Telegraph correspondent in the Falklands:

"Yomping," they call it in the Royal Marine Commandos, and it has turned to be the British secret weapon in the Falklands campaign.

It means marching: humping up to 120 lb of equipment and all the arms needed for attack at the far end of the trek. Both the Commandos and the paratroopers in the brigade now advancing on Stanley have swept across the marshy, hilly country in days and on their feet.

The extraordinary effort by these tough men has apparently taken the Argentine troops by surprise. British intelligence on their movements indicates that their attempts to move around the islands, too boggy for most military vehicles, has exhausted them.

They did not count on the British force, at the thin end of a 7,000-mile logistic line, being able to move with the speed which we have since the breakout from the beachhead at San Carlos last Thursday.

Since then, paratroopers have "yomped" to Goose Green to take the garrison there. Now we are poised for the final leap to an attack position in front of the capital.

Brig Julian Thompson is now installed at his forward HQ. With him he has brought his staff, a medical unit and a reconnaissance unit. We have been out with the picks and shovels once more, digging into defensive positions on the same scale as at San Carlos 12 days ago.

My Commando unit expects to move forward any hour now. Plans are changing so fast, and are so flexible as new information comes in by the hour, that even the colonel of the unit is not sure where he will be within the next 12 hours or so.

Enemy troops continue to retreat before us and appear to be gathering in full strength at Stanley. As we march on to an anticipated contact, we find them gone. We have overrun Argentine observation posts and taken prisoners, but the main force retreated from their positions days or hours before our arrival.

It has been an epic march, the longest carrying full kit across rough country in the history of the Commandos. I have seen with them across 40 miles of open country and my boots, I learned new on board the Canberra just three weeks ago, now look as if they have been in service since World War Two.

We have "yomped" ankle-deep in marshland, waded rivers, hauled up mountains. We have kept going through up to six hours of darkness, stumbling through the tussock grass. Sleet, snow and torrential rain have fallen.

When possible we have taken refuge in farm buildings, where the first task has been to dry out boots and sleeping bags to prevent trench foot and assure rest. We have eaten meals "scran"—cold to the verge of giveaway light of a hexamine cooking stove.

Always in the cold light of the Falklands dawn, the boot-neck Marines and their equally hardy officers have been ready to "yomp on" for the next stage of the journey. They shoulder their packs, stretch their weary muscles, stretch out over three miles of the march, keep their eyes open and their fingers on their triggers ready for any unexpected contact.

The commanding officer said: "In the last war the infantry walked from the Normandy beaches to Berlin, so we can walk to Stanley. But in the context of the hard going and the weight carried it has been a Herculean effort. The brigade is working on three fronts. While we continue the advance they are using every helicopter, landing craft and tracked vehicle to rush forward logistic supplies; and at the same time they must not forget the defence.

At 3 am GMT, three hours before dawn, I was kicked out of my sleeping bag and told to dig a trench in case of a counter attack or air raid. The attack never came, but we dug for hours until we had completed covered shelter trenches more than 4 ft deep. In a few hours we shall probably leave them to be used by the next garrison waiting to arrive on their way to Stanley.

The Falklands campaign has turned Commandos into a fearsome-looking troop. After 12 days in the open, with camouflage cream on their faces, they are wild, dirty and unshaven.

Their clothes are mud-stained and the dirt is ingrained in their hands. After another day's march is done, even the most senior officers look like ditch-stained tramps—but armed to the teeth and ready to scare even the Vikings into a hasty retreat.

Harrier numbers reinforced again

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN MAY now have more than 60 Harrier jump jet fighter bombers in the Falkland Islands.

A new batch of Harriers, in addition to the estimated 35 aircraft already there, have now joined the task force, the Ministry of Defence announced in London yesterday.

The aircraft flew to Ascension Island, and then directly to the Falkland Islands. They were refuelled in flight by Victor tankers. The Ministry said, noting that the 17 hours which the 8,000 miles journey took was a record for the RAF.

The Ministry refused to say how many extra aircraft were now with the task force. Twenty Sea Harriers left with the first warships in April, and were reinforced only two weeks ago by a second batch of Royal Navy and RAF Harriers, bringing the total committed to the Falklands to around 40.

However, eight Harriers are believed to have been lost—two earlier this week. The Ministry announced yesterday that in the course of bombing the Port Stanley area, two Harriers were damaged and "ditched" on their return to the task force. The pilots were recovered safely.

There were unofficial suggestions yesterday that the new batch could involve another 20 aircraft and possibly more. The importance of the new arrivals is that the RAF Harriers are maximised for ground attack—they are designed for use on the central European front and operate mainly from West Germany.

In the current stage of the Falklands campaign the RAF aircraft could be called in to support the marines and paratroopers now advancing towards Port Stanley, possibly from a makeshift airbase at Goose Green or San Carlos.

Their presence will free the Sea Harriers for the job of protecting the task force itself. The RAF has around 90 Harriers out of an original order of some 110. Some 34 Sea Harriers were ordered for the Royal Navy with all those available—about 28-30—believed to have been dedicated to the Falklands campaign. It was not clear last night to what extent the new batch has reduced the strength of the RAF in Germany.

Ireland concerned at future loss of exports

EXPORTERS in the Irish Republic are studying reports of orders lost from Britain because of the Government's policy on the Falklands crisis. Some traders fear resistance to buying Irish products could be more long-lasting than the effects of IRA activity.

According to the Irish Export Board, no significant loss of business has been recorded so far. But contracts currently under negotiation are regarded as vulnerable and the full effects of any anti-Irish feeling in the British trade sector might not become clear for about two months.

Exporters directly involved in selling to Britain claimed yesterday that the decision of Premier Charles Haughey's Government to pull out of EEC trade sanctions against Argentina and press for UN action, in opposition to British wishes, was already having a definite effect on them.

One said: "The dropping of support for the British action on the Falklands is seen as Government policy, a formal decision that reflects on all the Irish, unlike the IRA outrages. Any company with a strong Irish brandname will suffer. The whole thing has done enormous damage."

Another businessman who depends largely on trading across the Irish Sea said his business losses totalled £200,000 getting an awful lot of rude remarks and they are being embarrassed."

The United Kingdom market is traditionally the biggest for Ireland's exporters although its percentage share of Irish trade has declined steadily over the past few years. In the first four months of this year more than 39 per cent of Irish exports went to Britain. Agencies

Australian offer on Invincible

CANBERRA—The Australian Government has given Britain the chance to pull out of an agreement to sell the aircraft carrier HMS Invincible to Australia, Mr Malcolm Fraser, Prime Minister, said yesterday.

"I believe this was the only decent course an Australian Government could take in the circumstances," Mr Fraser said. The ship is playing a vital role in British efforts to retake the Falkland Islands from Argentina. It was due to be sold under a deal said in Australia to be worth A\$475m (£308m).

Mr Fraser said he had told Mrs Thatcher that Britain was not obliged to go through with the sale in the light of its naval losses in the Falklands conflict. "We wouldn't hold them to some moral obligation," he told a National Press Club lunch in Canberra.

He believed the British Government would want to keep to the commitment to sell Invincible, although there was likely to be a review of the naval losses sustained.

"I still hope their review will come out the same way, but in light of the losses the British Navy has had I didn't want them to feel inhibited because of their relationship with us," he said.

In London a Defence Ministry spokesman said later that Mr Fraser's offer was being considered. "We are very grateful for the offer," he said.

Mrs Thatcher, who received Mr Fraser's message yesterday morning, is expected to thank him for his offer. The issue is likely to be examined by Ministers but the immediate reaction in Whitehall yesterday was that Britain will probably continue with its plans for the sale.

18 wounded to be flown home

MONTEVIDEO—The British hospital ship Hecla, carrying 18 wounded British servicemen and 24 Argentine seamen taken prisoner in the South Atlantic, docked here yesterday. No communication was allowed with those on board, but one sailor held up a sign saying "Love to all at home."

The survivors of the Argentine trawler Narwal, sunk by British aircraft in the war zone on May 2, were immediately taken to an Argentine naval ferry for the trip to Buenos Aires across the River Plate.

The British wounded, five of whom are said to be in serious condition, were to wait aboard Hecla pending transfer to a Royal Air Force VC-10 for the flight to Britain. Reuter

Advertisement for CITY OF HELSINKI (Republic of Finland) DM 50 000 000.- 8% Bearer Bonds of 1982 (87-92). Includes logos and a list of participating banks such as Berliner Handels- und Frankfurter Bank, Commerzbank, Dresdner Bank, Westdeutsche Landesbank, etc.

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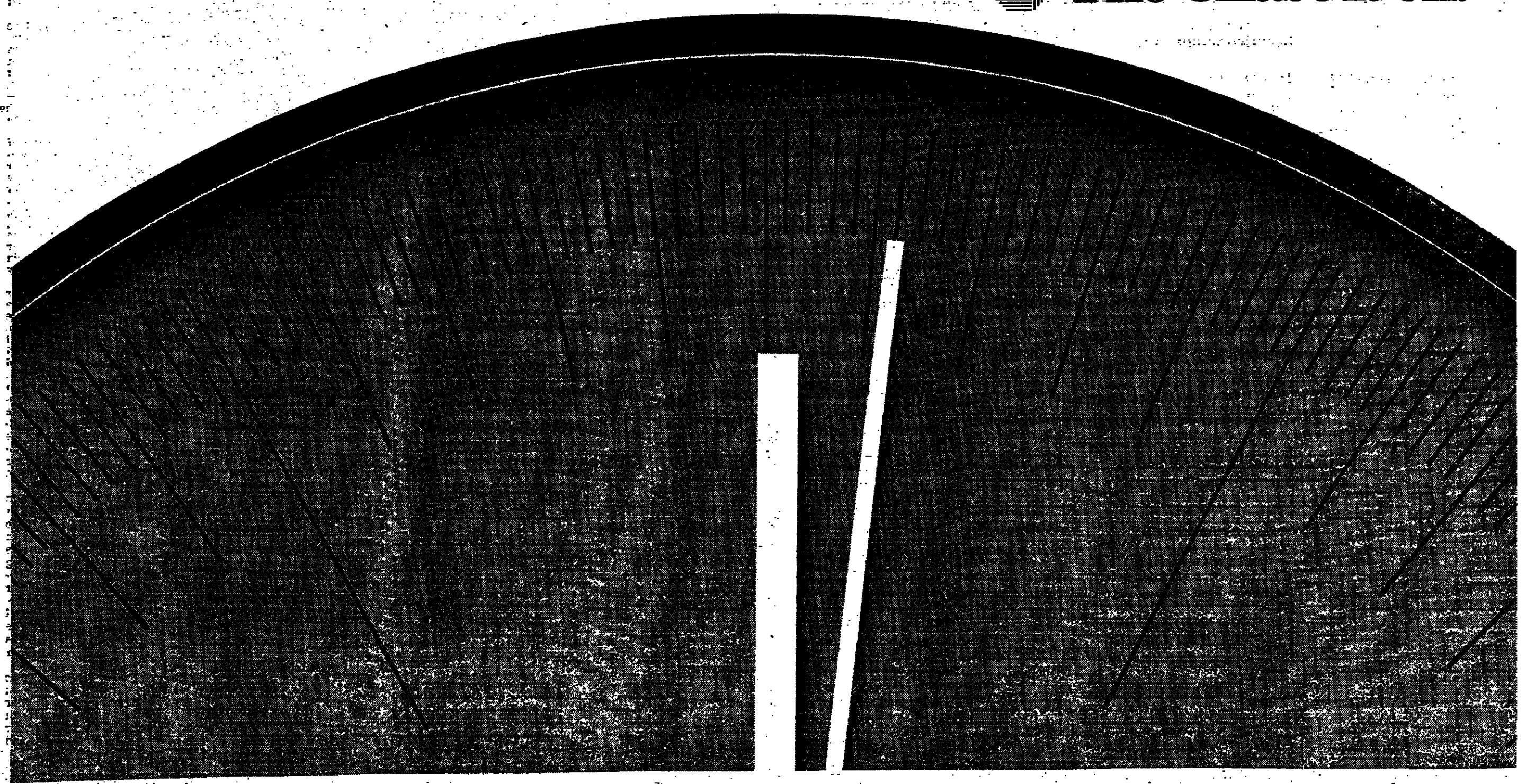
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Japanese take wind out of French sales

BY DAVID WHITE IN PARIS

A SMALL brass door-plate, two flights up a dingy staircase from an anonymous street entrance, between a public bath and a Kung Fu cinema, bears the name of one of the world's few surviving specialist flute makers, M Jacques Lefèvre, and his trademark, Jack Leff. He says he is "the last of the Mohicans."

French flutes, once unbeatable, have been swept aside by a Japanese flood. Surrounded by instruments, including some of his own inventions, in two small rooms which he shares with two assistants, M Lefèvre feels relatively sheltered. At his top level—his flutes sell for up to £3,000 each, and that does not include the occasional 18-carat gold model—even the Japanese have to do things by hand, he says, and they are actually more expensive.

But the main part of the market is dominated by imports. Famous French names—such as Lot, where M Lefèvre's father worked—have vanished. It is a small but telling example of how a traditional export, in this case dating back to the Renaissance, can fall prey to Japanese competition, in terms not only of price but also of

quality. It is feared that the same may be about to happen to woodwind instruments. French clarinets and oboes are renowned and, even if importers are well-placed in the lower price brackets, still produce a tidy trade surplus. The same goes for saxophones. Wind instruments as a whole are by far the biggest and most dynamic part of a music industry which has been decimated since the last century.

Long-established instrument makers have collapsed or—like the three traditional French piano-builders—been swallowed up by foreign interests. In most other specialities (even accordions, swamped this time by Italian competition), there are only one, two or three small manufacturers left to keep the expertise alive.

The wind sector, by contrast, still boasts some top names and at least four industrial-scale companies. Towering among these is Selmer, with 500 employees and annual sales of around FFfr 100m (£90m). It is run by three grandsons of the founder; another relative set up a Selmer company in the

U.S., which has outgrown its French cousin.

The Paris-based concern is alone in France in producing almost the whole range of brass and woodwind. Its instruments are favoured by military bands from Africa to Argentina, and three-quarters of its production goes overseas.

Production-line techniques have been streamlined over the years, but M Georges Selmer, the chairman, believes there are limits to mechanisation. Much of the assembly finishing and polishing process still needs to be done manually.

Despite the high cost, Selmer and other manufacturers see little danger at the really top level, at least for the moment. For the best clarinets, for instance, they consider that the only competition comes from each other.

But whereas Selmer has managed to keep growing, the impact of competition is keenly felt at the more specialised company Leblanc-Noblet. It makes instruments, mainly clarinets, both for professionals and, under the 230-year-old Noblet trademark, for students. Production, varying between 12,000 and 15,000 units, is stag-

nant, says M Léon Leblanc. Exports are down, and the 220 workers have already been asked to take their newly acquired fifth week's annual holiday. The company still has flutes in its catalogue—as does Selmer—but makes less than a third as many as it did five years ago.

The manufacturers' first problem is labour cost. M Leblanc reckons it accounts for 80 per cent of his total production costs. Then there is the cost of materials. Although the South of France contains a treasure-trove of reeds for clarinets, oboes and bassoons, the ebony comes from Tanzania and is rare and expensive.

All have experimented with synthetic substitutes for wood or nickel-silver (M Lefèvre says he even tried a transparent plastic piccolo) but are wary about the results. "You'll never see an artist playing a plastic clarinet," says M Selmer.

Economies of scale have been hindered by an underdeveloped domestic market. Although there has been rapid progress in recent years—a bid to disprove what M André Malraux, de Gaulle's Culture Minister, once said about the French not

being a musical nation—music teaching has long been sadly neglected in the French school system.

With limited local outlets, manufacturers have had to export and/or—as a safer source of guaranteed margins—to import. Leblanc-Noblet now claims to be the only one of the main companies to sell solely what it makes. A rival such as Buffet-Crampon—another Normandy company, taken over last year by the UK music firm Boosey and Hawkes—provides its with competition not only through its own products but also through imports.

As competitors, the diversified Japanese groups such as Yamaha can flex commercial, financial and industrial muscle and, through incentives to music teachers, corner a large part of the growing market. The French companies concede that Japanese instruments have been getting better and better. "I've been to Japan and seen the same machines as ours," says M Leblanc, "only theirs are automated."

Import barriers seem to be out of the question, if only for the reason that Japan is a prime client for quality French



Woody Herman in action: Tokyo could soon change the tune.

instruments. Leblanc-Noblet actually sells there through Yamaha.

A report by the Commerce and Crafts Ministry two years ago already warned about the threat posed by Japan, through "the dumping practised by its main firms and their considerable financial means." An inter-ministerial plan for the wind sector is expected to come out during the summer—the main idea behind it being the

need for restructuring. There have already been precedents, such as the launching of a new piano company, Rameau, in the early 1970s, and recent moves to regroup string instrument makers.

M Lefèvre's instinct for survival has already taken him—as from January this year—into a link-up with Buffet-Crampon, which now does some of his finishing work and has made room for a slightly

cheaper range of Leff flutes. But the trouble is that few in this sector are willing to budge. M Selmer thinks regrouping may not be a bad thing for the smaller companies, but he wants to keep Selmer as a family business.

M Leblanc is more categorical: he places no hopes in a reorganisation of the industry. "I don't see what the Government could do," he says.

Sole British success in Nigerian project

BY QUENTIN PEEL, AFRICA EDITOR

STIRLING INTERNATIONAL, the British-based civil engineering contractor which has just won a share in a \$350m (£194m) contract for part of Nigeria's new \$2.5bn standard gauge railway, ranks among the top 10 construction industry exporters in Britain, but has no contracts within the UK.

From a head office in Mayfair, and a design office in Rome, the company is now responsible for an annual turnover of some \$320m from a string of road, airport, dam-building and other civil engineering contracts in Africa and Latin America.

The Nigerian railway contract, won by Stirling International in a consortium with its Nigerian subsidiary, Stirling Civil Engineering Nigeria, and Impresit, a major Italian shareholder, is the largest won by the group.

It is one of six now awarded by the Nigerian Government for the new railway to be built

from Port Harcourt to the steel works being built at Ajaokuta, on the banks of the Niger river.

The success of the Stirling consortium represents the only direct British success in the huge railway project, although even that British link is somewhat tenuous: Stirling International of the UK is wholly-owned by Sterling International of the Netherlands, which in turn is controlled by Italian shareholders, include Impresit, part of the Fiat group.

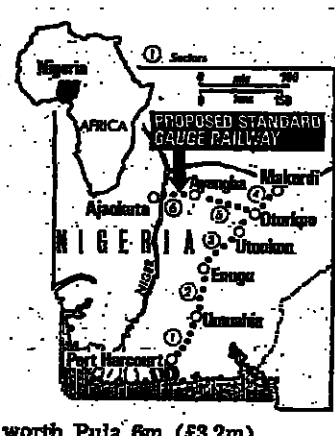
The other five contracts went to companies from France (Dumez and Dragages et Travaux Publics), Brazil (Parapanema), Yugoslavia (Partizanski), and a Chinese-Swiss consortium including Noga and Elektrowatt of Switzerland, and the Chinese Civil Engineering Construction Corporation.

British exporters—including British Steel—are, nonetheless, well placed to win orders both from the Stirling consortium and the Chinese-Swiss consortium. Finance for both contracts is being arranged by British bankers—Lloyds Bank International and Morgan Grenfell—with backing from the Export Credits Guarantee Department for any British procurement.

Stirling Nigeria currently has 13 contracts under way, all of them road contracts, apart from work on the Dadin Kowa dam in Bauchi state. The subsidiary is much the largest in the group, with a turnover of some \$200m annually.

The company was also responsible for the last railway line built in Nigeria, the spur of the traditional narrow gauge system from Jos to Maiduguri.

Other African contracts which the group has won in the past month include the new international airport outside Mbabane, the capital of Swaziland, worth £12m, partly financed by the World Bank, and preliminary work for the Morupule power station in Botswana.



worth Pula 6m (£3.2m). The group is also active in East Africa, where it has subsidiaries in Kenya, Uganda and Tanzania, and more recently in Latin America. Major contracts in Colombia include a \$100m job for rehabilitation of the Bogotá-Medellia road, and a share in the Betania hydro-electric scheme.

Japan timorous, Thorn says

BY LARRY KLINGER IN BRUSSELS

JAPAN'S latest trade liberalisation programme aimed at defusing its economic quarrels with the EEC and the U.S. is likely to prove insufficient, M Gaston Thorn, President of the European Commission, said in Brussels yesterday.

While emphasising that neither the Commission nor the EEC member states had, as yet, fully evaluated the Japanese programme, M Thorn said that, in his view, the measures may "fall far short of what is necessary."

Japan, which, according to the Commission, has registered an almost constantly growing

trade surplus with the EEC to reach more than \$12bn (£6.6bn) in 1980, announced at the end of last week a trade liberalisation package that would abolish or cut import tariffs on a range of products. The items affected, the Japanese said, accounted for 3.8 per cent of Japan's imports last year.

Speaking before this week-end's seven-nation economic summit meeting at Versailles, which will include Japan along with the larger EEC states, the U.S. and Canada, M Thorn said that, while the Japanese plan could be seen favourably as a move in the right direction, it was clear that the Japanese

were still being "a little too timorous."

M Thorn had similar feelings towards aspects of U.S. policy. He returned to the attack over the high level of U.S. interest rates, calling for "budgetary rigour" in the U.S., and a greater effort by the Reagan Administration to share its responsibility engendered by the power of its reserve currency.

Admittedly, the U.S. drive to control inflation had been necessary. However, the U.S. had "broken the back of inflation, but interest rates have not gone down for a year."

Tokyo opens 'windows' for businessmen

By Charles Smith, Far East Editor in Tokyo

TWO JAPANESE business associations dealing with banking and insurance have opened "windows" to handle enquiries from foreign companies wishing to do business in Japan.

The Federation of Bankers' Associations and the Life Assurance Association of Japan said they had been requested by the government to do something to help foreign businessmen. A plan to open "information windows" for foreign banks, insurance and securities companies, was announced in last week's eight-point trade liberalisation package.

A spokesman for the Federation of Bankers' Associations said yesterday that the association had begun handling queries—in English—from foreign banks.

New Issue June 3, 1982

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India cuts export duties on 100 items

The Indian Government yesterday cut export duties by varying amounts on over 100 items in a bid to increase foreign exchange earnings from capital goods, components, project exports and other categories, writes K. K. Sharma in New Delhi. This follows a number of incentives given to exporters in the last budget of the government presented on February 28. Since then the Finance Ministry has been studying the export duty structure.

Ford claims Escort was best seller last year

Ford claims that its front-wheel-drive "world car", the Escort, was the world's best-selling car in 1981 with production reaching 323,000, writes Kenneth Gooding. In second place, according to Ford statistics, was the Volkswagen Golf, with production totalling 259,000. The Escort, launched throughout the world in September 1980, replaced the Toyota Corolla as the world's best-seller.

N. Zealand and Iran sign lamb-for-oil deal

New Zealand and Iran have signed a lamb-for-oil deal worth about NZ\$160m. The deal has been on-and-off for several months, and only a month ago the Iranians said they were no longer interested, writes Dai Hayward in Wellington. But yesterday a jubilant New Zealand Meat Board announced a contract had been signed with Iran's Government trading corporation.

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Free speech through body language

By Anatole Kaletsky in Washington

THE U.S. constitution provides Americans with an (almost) inalienable right to topless entertainment. Waitresses and dancers who wish to appear nude, or at least semi-nude, in bars and places of public entertainment are exercising their rights to free speech under the constitution's hallowed first amendment.

These are the conclusions of a five-year courtroom battle between the state of New York and a group of tavern owners in the upstate city of Buffalo. Like many of the great dilemmas of U.S. life and morals, this one came down to a clash between two parts of the constitution and between the rights of states and of the federal government.

On Tuesday the U.S. Supreme Court made its final determination between the first amendment's guarantees of free expression — even through the use of body language — and the right of states, under the 21st amendment of the constitution, to attach conditions to the sale of liquor in public premises.

Scrapping of car safety rule illegal, says court

BY CHRISTOPHER PARKES IN WASHINGTON

THE REAGAN Administration acted illegally in scrapping a rule to force manufacturers to fit all cars with automatic safety equipment, the U.S. Court of Appeals has ruled.

The decision, taken last October during President Ronald Reagan's review of government regulations, was "arbitrary and unlawful," the court said. In an unusual ruling, however, the court gave the National Highway Traffic Safety Administration (NHTSA) the go-ahead to scrap the requirement — 30 days either to come up with better reasons for rejecting it, or to implement it "on a timely basis."

'Disband killer corps' call

SAN SALVADOR — Politicians and newspapers here are demanding that the Civil Defence Corps, a paramilitary organisation of rural guards blamed for a number of recent civilian murders in El Salvador, be disbanded or militarised.

Eighteen guards are currently under arrest in connection with the deaths, including the mass murder of 22 people, and the killing of four Christian Democrat mayors and eight other party workers. The killings this month aroused public reaction from both Christian Democrats and Conservatives. The Civil Defence Corps has set up two years ago by the Defence Ministry to help to fight a leftist guerrilla insurrection that has cost 34,000 lives in the past 31 months.

Baker unable to end Taiwan arms sales dispute

BY TONY WALKER IN PEKING

SENATOR HOWARD BAKER, Republican leader in the U.S. Senate, yesterday said he had been unable to resolve Sino-U.S. differences over American arms sales to Taiwan.

In Peking, he told Deng Xiaoping, Communist Party Vice-Chairman, that there was virtually no chance of any revision to the controversial Taiwan Relations Act which provides a framework for a continuing relationship between the U.S. and Taiwan.

China has bitterly denounced the Act, which provides for certain security guarantees to the Taiwanese, as an infringement on its sovereignty. Peking has warned that if the U.S. continues to sell arms to Taiwan it will downgrade relations. "I would not support a major revision or any revision of the Taiwan Relations Act at this point," Senator Baker told a Press conference yesterday.

U.S. mortgage foreclosures at record level

By David Lascelles in New York

THE NUMBER of U.S. homeowners who are behind with their mortgage payments has reached a record level, the Mortgage Bankers Association reported yesterday. As a result, foreclosures are also running at the highest level.

According to the association's latest quarterly survey, the foreclosure rate was running at 0.88 per cent of total loans in the first three months of this year, up from 0.41 per cent in the final quarter of 1981. Although mortgage rates have declined to about 14 per cent from nearly 18 per cent at the turn of the year, they are still exceptionally high. Because many American homeowners have fixed rate mortgages, being behind on payments is usually attributed to the rise in unemployment rather than directly to higher interest rates.

revisions or any revision of the Taiwan Relations Act at this point," Senator Baker told a Press conference yesterday. This had been made clear in his talks with Mr Deng.

Meanwhile, Zhao Ziyang, China's Premier, has given a pessimistic assessment of the state of negotiations between Chinese and U.S. officials on the Taiwan issue to Zenko Suzuki, his Japanese counterpart. "Negotiations have achieved no results so far," he said in Tokyo earlier this week.

Mr Bush visited Peking last month for talks on the vexed Taiwan issue. He left saying he had a clearer idea of China's objections to U.S. policy, notably continuing arms sales to Taiwan, and said he would relay to President Reagan Chinese concerns.

U.S.-Chinese nuclear cooperation possible, says Stoessel

BY ANATOLE KALETSKY IN WASHINGTON

AN AGREEMENT on nuclear co-operation between the U.S. and China may be one of the benefits of closer relations between the two countries, according to Mr Walter Stoessel, the U.S. Deputy Secretary of State.

Over the past year there has been notable progress in four key areas of U.S.-Chinese relations — technology transfer, arms transfers, legislative restrictions on trade and investment and consular and diplomatic relations. Mr Stoessel told the National Council on U.S.-China trade.

"Differences between the two sides remain to be settled and the crisis has not passed."

Again in Tokyo yesterday Zhao Ziyang said: "If the U.S. persists in selling arms to Taiwan, it would have a very serious negative effect on relations between China and the U.S."

In Taiwan, Republican Senator Barry Goldwater said Congress would strongly resist amending the Act. He accused Peking of trying to bully the U.S. into abandoning Taiwan and of planning military moves against the island.

INSIGHT INTO JAPANESE ECONOMY

JVC: A Leading Video Maker Steps Up Its International Activities

One of a series of interviews by Mr. Dick Wilson and Dr. Yotaro Yanase



Mr. Ichiro Shinji, President

JVC (Victor Company of Japan, Limited) is a leader in the world consumer electronics industry as an audio and video products manufacturer employing the most advanced electronics technology. JVC is the original developer of the VHS video cassette recorder and the VHD video disc system and has been an industry pacesetter since its founding in 1927.

Table showing JVC sales performance by fiscal year (FY 1981 and FY 1977) for various product categories including audio equipment, TVs, video and video-related products, records, and other public address systems.

The ratio of video and video-related products sales to total has increased more than three-fold from 17 per cent in FY 1977 to 64 per cent in FY 1981, reflecting the remarkable expansion of the home video market over the past few years.

Overseas, JVC is establishing production facilities, sometimes in cooperation with the leading consumer electronics manufacturers of the world. JVC Holdings B.V. is a typical example. JVC and two other partners—Telefunken of West Germany and Thorn EMI of the U.K.—formed this new joint venture in Rotterdam in March, 1982 with equal capital participation.

JVC is raising funds to support future business expansion. Last December, it issued a convertible bond worth US\$100 million in Europe, which quickly floated in that market.

JVC's long-term corporate plans call for expanding the range of innovative audio and video products for consumer, educational and industrial uses, while further integrating JVC's expertise in electronics, mechanics, chemistry, etc.

Not very many executives can speak with confidence about the broad future which lies ahead, but Mr. Ichiro Shinji, President of JVC, says confidently, "We have only just set foot on the terrain of the video market. We have gained some renown for our latest video disc but this is only the tip of an emerging iceberg."

JVC's VHS video cassette recorder was a hit product which put JVC firmly in the international limelight.

President Shinji continues, "Five years ago video represented only five per cent of our total sales but now it is almost two-thirds, an extremely rapid growth. But the video market penetration is still very low in all major markets, only 10 per cent in Japan, 4 to 5 per cent in the U.S. and 6 per cent in Europe. The market potential therefore remains virtually untapped. While colour TV sets have a potential penetration ratio of more than 100 per cent, estimates for video units should be about 60 to 70 per cent."

JVC currently produces about 200,000 units of VHS video cassette recorders a month. VHS technology, originally developed by the company, has been adopted by a wide cross-section of major Japanese manufacturers as well as by a growing number of leading foreign electronics companies.

Creating a New Medium

The JVC-developed VHD (Video High-density Disc) video disc system means the creation of a new medium through which users will be able to enjoy features not available in current video systems. The random access function is a good example, whereby users can easily locate any desired part of the programme on a disc within a few seconds.

By fully utilizing the versatile functions offered by the VHD video disc system, users will be able to maximize their own specific interests and needs. The VHD system is expected to find diversified applications in the general consumer, educational and industrial markets.

Production Overseas and Cooperation with Foreign Partners

JVC has been producing audio equipment in Singapore since 1978. Last December it established a 100 per cent owned production subsidiary in Muenchengladbach, in the suburbs of Dueseldorf, for the assembly of VHS video cassettes and the moulding of related parts. The assembly plant is scheduled to start operations next spring.

JVC often organizes special project teams in order to concentrate on the development of an integrated system. These special teams of engineers and researchers come from a variety of fields covering electronics, mechanics, chemistry, etc. It was one of those project teams that developed the VHD video disc system.

Strong People, Strong Products. Shinji: "Strong People, Strong Products" is the motto I have been advocating since I was appointed president of JVC. By "Strong People" I mean not a group of people led or controlled by one

Sino-U.S. relations, Senator Baker said: "I think there's a good solid basis on which we can build even better relations between the U.S. and China. I don't think the present difficulties and disagreements on the Taiwan Relations Act and arms sales are likely to prove a permanent impediment to the improvements of relations."

"The situation at this time clearly is one of delicacy. There is a strain in the relationship between our nations on these issues, but I think the friendship and mutual advantage far outweigh the disagreements and the tension between us."

China's co-operation on nuclear technology, on which the two countries have been conducting discussions, was one of numerous examples of closer links Mr Stoessel mentioned. Its significance is that China's possession of nuclear weapons had been thought to rule out most types of nuclear co-operation between the two countries. However, China has in the past expressed interest in nuclear co-operation and is thought to be considering the construction of two 900-Mw reactors in Guangdong province, near Hong Kong, if it can obtain Western technological assistance.



Howard Baker (right)

Reagan sets off for Europe

WASHINGTON — President Ronald Reagan set off yesterday on his first European trip since taking office, declaring himself proud to represent the U.S. and promising to try to bolster the unity of the major industrial democracies.

Embarking on a 10-day tour, Mr. Reagan made a farewell speech to 200 top-level government officials. "I can only tell you that I shall be more proud than I've ever been of anything to be there representing the U.S. with an opportunity once again to express to all of the world what it is we think we represent, what it is we want for all the people of the world," he told the cheering audience in the White House.

The trip includes two summits — an economic conference in Versailles and a Nato meeting in Bonn. "There's been nearly a decade of troubling events and uncertainty among the allies and ourselves," the President said, "but today there is a regrowth of unity and purpose. Mr. Reagan said the alliance had "weathered threats of aggression and internal disagreements, but we've maintained a sense of unity and a commitment to freedom and we're still being tested possibly more now than ever before."

or two geniuses but a large group of employees composed of a variety of talents, characters, abilities and skills. Like an orchestra which creates beautiful music when each instrument produces the right sounds, the ensuing result is a soothing harmony. I believe only such people can make competitive products which meet the market need and which we therefore call "Strong Products." To create such strong products, it is necessary to strengthen our R&D efforts; and JVC's investment of about 4 per cent of its total sales on R&D is a good example of the company's dedicated attitude toward this goal.

Wilson: Now that you are moving more in international circles, is your staff also becoming more international?

Shinji: JVC's products are becoming international through the expansion of exports more rapidly than the company staff. It is often very difficult to find a person recognized as truly international anywhere in the world, but perhaps even more so here in Japan. One reason for this is the language barrier. A truly internationally-minded person must be able to speak at least English and possibly some other foreign languages. English is, however, a minimum requirement. With the ability to appreciate differences and put things into wider perspectives, a person should be able to get across his or her point of view clearly and effectively among people with different cultural backgrounds. Enhanced cooperation with foreign companies will become even more in demand and more important in the future. This will also increase the need to understand each other not just through products we sell overseas, but through our own person-to-person contacts. I would like to see more and more people working in the international arena regardless of their nationality.



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UK NEWS

John Laing pays £161,000 to former director

BY RAY MAUGHAN

JOHN LAING, one of the largest building and civil engineering groups in the UK, has paid £161,000 to a former director.

The compensation, which includes pension contributions, is believed to have gone to Mr Graham Parsons, who was chief executive until the end of May last year.

Mr Parsons' departure was followed by a series of boardroom changes in November, 1980, with the result that Mr L. J. Holliday, a Laing employee since 1947, was appointed chief executive with effect from the start of 1982.

Mr Holliday is to take over the chair from Sir Maurice Laing after the annual meeting of the company on June 24. Sir Maurice will continue in a non-executive capacity and will assume the title of "president".

Sir Maurice tells shareholders, in his valedictory report for 1981, that "the board has been greatly strengthened since we made major changes at the end

of November 1980, six new executive directors having been appointed. We anticipate widening the board further, by the appointment of two non-executive directors of wide experience."

The group is to submit an annual resolution to the annual meeting recommending that the maximum aggregate remuneration of the directors, stated in the article of association, be trebled to £75,000.

The directors add that the maximum aggregate ordinary remuneration was fixed at its present level in 1978 "and the proposed new limit has regard to inflation and to the possible appointment of non-executive directors for whom this remuneration is intended."

Sir Maurice says that "1981 was a year devoted to recovery." Pre-tax profits last year climbed from £3.2m to £6.2m although profits in 1979 amounted to £11.3m before tax and to £14.8m the year before.

Exemptions from 'dawn raid' rules defended

By John Moore, City Correspondent

THE Council for the Securities Industry, the City of London's main self-regulatory body, has defended its controversial decision to exclude agreed takeover bids from its new rules curbing the lightning purchase of large blocks of shares in companies.

In its annual report and accounts, published yesterday, the CSI said the rules would exclude takeover bids recommended by the target company, although "there are arguments both for and against this course of action."

The CSI justifies its decision in three ways.

● The board of the target company should have time to consider any offer and give advice to shareholders. If the target company is recommending the bid, "that requirement has been met."

● A "shut out bid"—giving shareholders no chance to accept any offer other than because of the agreement of both the bidding and target companies—may frustrate a higher offer in immediate cash terms, says the CSI. But in the great majority of cases, the board of the target company acts in the best interests of the company and of its shareholders and employees.

● Unless exemption is given, a merger desired by both sides may never take place, because the bidder may not be prepared to enter a contest.

The CSI introduced its rules when it became clear that companies mounting takeover bids were able to make substantial share purchases in the stock market so that control of a target company could pass into a bidder's hands before it had had any time to respond formally to the offer.

The CSI describes a report on investor protection commissioned by the Department of Trade and prepared by Professor Jim Gower as "a thought provoking discussion paper. This has had the effect of stimulating the City into useful discussions on fundamental issues regarding the supervision of the securities market."

The CSI does not respond to specific negative points which Professor Gower raised about the CSI.

BP petrol up by 7p, more rises possible

BY SUE CAMERON

BP OIL, the third-biggest petrol company in the UK, put up its pump prices by a further 7p a gallon at midnight last night in an attempt to stem the losses it is making on its refining business.

It warned motorists that it will raise prices by a further 2p to 4p a gallon if plans to add an extra \$2.50 to the price of North Sea marker crude go ahead.

Shell and Esso, who together lead the British petrol market, are expected to follow BP Oil's lead within the next few days. Shell said yesterday that it was merely trying to decide "when and how much" to raise its prices.

BP's move will take average petrol prices at its urban sites from about 161p for a gallon of four star to about 168p. In country areas, where prices are already higher than in towns and cities, the average increase is likely to be nearer 6p a gallon. BP expects rural prices to go from about 166p or 167p to between 172p and 173p.

The company last night stressed that it needed average prices to rise to 176p a gallon before it would start to break even. It insisted that this round

of increases was not related to the British National Oil Corporation's proposal to raise the price of North Sea marker crude from \$81 to \$83.50 a barrel.

"A \$2.50-a-barrel crude increase would be likely to lead to further product price rises, possibly on all products, right across the board," BP Oil said.

If the whole of the crude increase were placed on petrol, pump prices would probably go up by another 4p a gallon. If the crude increase were spread across the board then all products, including fuel oil, heating

oil and petrol, would probably go up by about 2p a gallon.

BP Oil has forced through its latest price rise not by increasing wholesale prices but by cutting the subsidies it has been giving to dealers. The company has reduced the general subsidy given to all dealers and has abolished the special subsidy which urban garages have been receiving.

The subsidy for retailers in towns and cities—where competition at the pumps has been fiercest—has been costing the company £1.5m a month. BP's move follows Texaco's

decision to end almost all price support for its dealers. As a result, Texaco's pump prices rose by an average of 7p a gallon to about 169p on Monday night.

Discussions between the oil companies and ENOC over the proposed \$2.50 increase in the price of North Sea crude are continuing. BP has made it clear that it does not think oil product prices warrant an increase in the crude price at present. However, it has asked for a meeting with the corporation before the end of the week. Shell has already started

talks with ENOC. The company is thought to have said that it will reluctantly go along with the proposed price increase—if the corporation agrees not to institute a further price rise for crude next month. Such a negotiating stance would be in contrast to the attitude of BP, which believes crude prices should not be artificially controlled.

Esso has not yet replied to the corporation, although it supports the proposed price rise. It said yesterday that there were "some points of detail still to be resolved."

Oil companies surprised at increase in deliveries

BY SUE CAMERON

MAJOR OIL companies said yesterday they were mystified by official energy statistics showing that the volume of UK petrol deliveries between February and April this year was 4 per cent higher than during the same period last year.

The provisional figures, released yesterday by the Department of Energy, indicate that 4.75m tonnes of petrol were delivered to

garages compared with 4.57m tonnes last year.

The oil companies have always insisted that petrol is largely "price inelastic"—meaning that the volumes sold are not much affected by pump prices.

Shell and Esso expressed surprise at the figures. Shell said it did not think the long-running price war at the pumps would have led to an increase in petrol deliveries

of more than 2 per cent.

But BP Oil, which last night increased its pump prices, said the rise in deliveries was the result of cheap pump prices. It pointed out that last November average pump prices were about 172p a gallon but by the middle of February this year they had slumped to 155p.

The department's figures show that, overall, the UK

used 1.3 per cent less energy between February and April this year than in the same period last year. Coal consumption fell by 6 per cent, the use of natural gas rose by 2.3 per cent and overall consumption of oil remained the same.

Production of indigenous primary fuels was 3.5m tonnes—of coal equivalent higher than last year—an increase of 4.1 per cent.

IBA says it should run cable television system

BY ARTHUR SANDLES

THE Independent Broadcasting Authority says it is the right organisation to be the governing body for cable television. It has declared itself against cable TV advertising or anything that "damages" ITV or BBC basic services.

In evidence to the Hunt Committee on cable television, a committee required to report to Government by the autumn, the IBA indicates the clear concern held by traditional broadcasters about the impact of new technology.

The IBA evidence says that the authority does not wish to stand against change, but "the national interest demands that cable developments should not be allowed to undermine the standards of nationwide off-air public service broadcasting."

Initially at least cable systems would be restricted to major urban areas, it says. The IBA suggests that to

maintain standards cable companies be forced to carry the four IBA-BBC channels and the whole cable system be subject to regulation by a supervisory body.

"We believe that the IBA itself has the relevant experience, sensitivity and knowledge to be the supervisory body."

On finance, a system whereby the BBC gets a licence fee, the ITV companies advertising revenue, and cable lives on subscription income is a good one, it says.

"Risks of serious economic damage, particularly to independent local radio, and the local press dependent on local classified advertising" are mentioned, but "Our concern is that competition for the same source of advertising revenue between Independent Broadcasting and cable services would be bound to diminish the range and quality of programmes."

● Unless exemption is given, a merger desired by both sides may never take place, because the bidder may not be prepared to enter a contest.

The CSI introduced its rules when it became clear that companies mounting takeover bids were able to make substantial share purchases in the stock market so that control of a target company could pass into a bidder's hands before it had had any time to respond formally to the offer.

The CSI describes a report on investor protection commissioned by the Department of Trade and prepared by Professor Jim Gower as "a thought provoking discussion paper. This has had the effect of stimulating the City into useful discussions on fundamental issues regarding the supervision of the securities market."

The CSI does not respond to specific negative points which Professor Gower raised about the CSI.

A NEW RANGE of Sherpa light commercial vehicles will be launched by Freight Rover later this month in what is more than a face-lift operation.

For while BL's senior management has spent much time banging the drum about the rebirth of its cars business since the launch of Metro nearly two years ago, the overhaul of its less glamorous light commercials operation has gone almost unnoticed.

Freight Rover was formed a month after the Metro first went on sale. In line with Sir Michael Edwards' policy of greater autonomy for BL's manufacturing companies, it became a separate unit, responsible for its own production and marketing, within the Land Rover group.

Mr Tony Gilroy, previously product planning chief for BL Cars and responsible for bringing Metro into production, was made managing director.

Since then, the work force has been cut by 53 per cent to 1,200 and there has been no industrial dispute. Measured in terms of output per worker, productivity has risen by 27

per cent.

"We have not lost a single vehicle against gross line rate for 18 months. We now hit over 100 per cent of our production programme daily," said Mr Gilroy.

The new Sherpas will be the first really obvious fruit of the decision to remove light commercials from what Mr Gilroy describes as "an afterthought of BL's volume vehicles business."

They account for a substantial part of the £30m being invested up to 1983, aimed at reversing a slide in Sherpa fortunes in the face of stiffening competition, particularly from Japan, and an admitted poor reputation for quality.

Also, £10m has been invested in a new paint plant. Started last August, the first phase was commissioned at Easter, three months ahead of schedule. The second, involving final colour facilities, will go on stream later this year. The plant, says Mr Gilroy, will not have a single production operator in the

entire three-storey facility.

A number of other cost-saving measures have been implemented. Inventories have been cut by an average of 30 per cent. Pre-production prototypes have been built on the line itself rather than in engineering workshops—a move which has brought the launch of the new Sherpa forward by five months and, says Mr Gilroy, saved £500,000.

The shake-up has extended beyond the Birmingham plant. A year ago, Freight Rover had a network of 320 dealers. There are now 350. But the net gain of 30 disguises a total of 80 new appointments. A performance monitoring programme led to some 50 dealers being replaced.

Despite the radical nature of the surgery, Mr Gilroy says only that "the decline has been halted."

One reason is the depressed state of the light commercial markets. From 118,261 sales in 1980, the UK market last year plunged by nearly 17 per cent

to 98,700. But the UK manufacturers' share was further depressed by a rise in Japanese imports share from 16 to 25.6 per cent. Sherpa sales fell 42 per cent from 14,702 to 8,540.

Even before the new range, the signs for revival are encouraging. Total sales in the Sherpa's sector this year are running 18 per cent ahead of 1981, although underlying growth is probably lower because of a major campaign by Ford for its Transit in January.

Sherpa unit sales have risen by 26 per cent to 3,133, although market share has risen by only about 1 per cent to 9 per cent. The new range will take Sherpa into unexploited parts of the sector, while next year a 3.5 gross tonnes version will plug another large market gap. The range currently stops at 2.5 tonnes.

Export prospects also appear to be improving. For example, marginal sales in Spain last year, expected to be 100 vehicles, were 1,000 with 1,500

forecast for this year.

The biggest cloud that had been hanging over Freight Rover—and which led to Sir Michael warning last year that "the whole future of Freight Rover might have to be reviewed"—has for the moment disappeared.

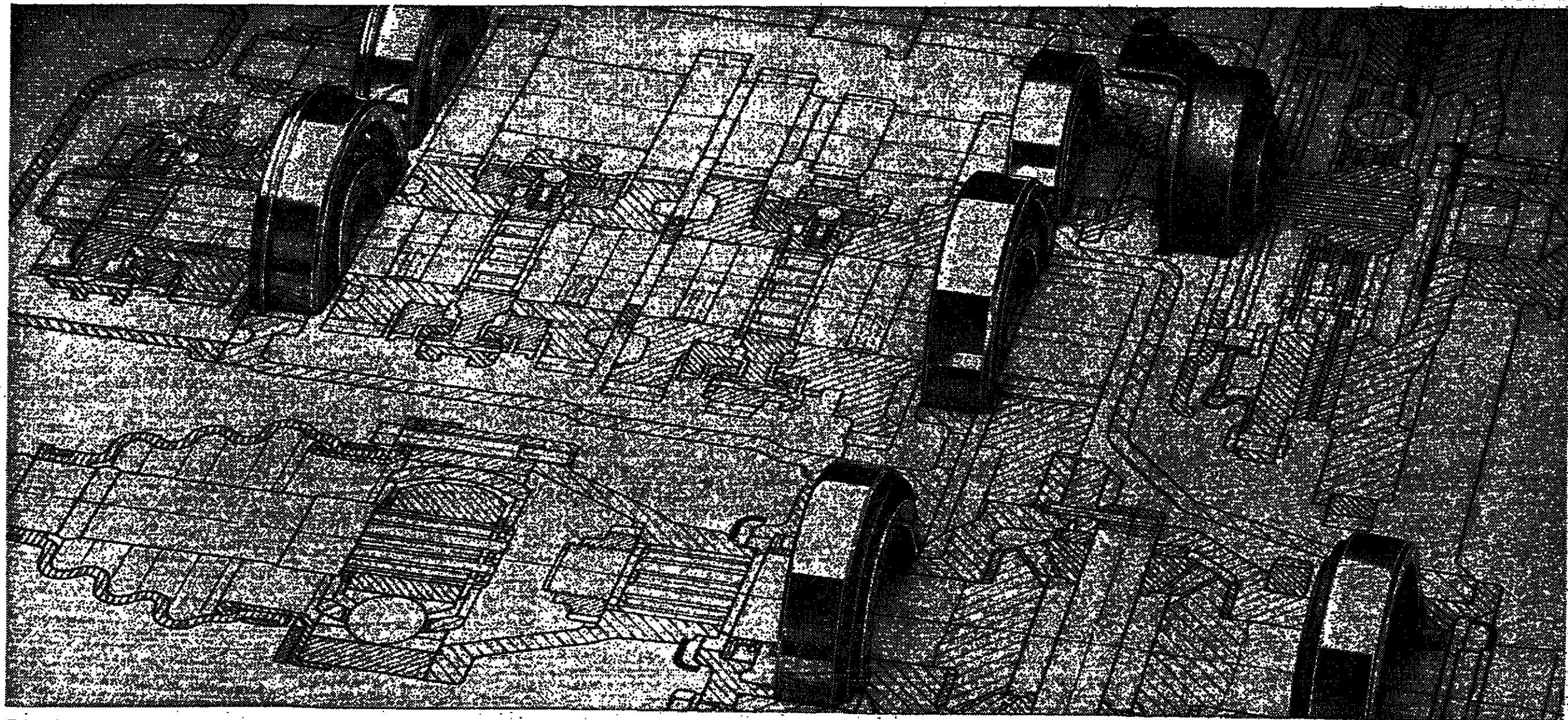
That was the Japanese agreement last autumn to restrict light commercial sales in the same manner as cars.

Without that, Mr Gilroy admits, it would have been unlikely that Freight Rover would have a future.

Even now, the amount of unutilised capacity at Freight Rover shows there is a long way to go. Output is 300 a week, against a maximum 900. Mr Gilroy has few illusions about how quickly it can happen.

"We cannot expect to tackle Ford head-on—it has had 40 per cent of the market for 15 years.

"Anyone who believes the 1980 level will come back quickly is an optimist. There is likely to be only a gradual increase. In total, there is still far too much capacity."



The missing dimension.

A blueprint can be quite an anomaly. At least where bearings are concerned.

It can seem to confirm the popular belief that all rolling bearings are much about the same—a few rolling elements in-between a couple of rings and a cage of sorts to keep them apart, or maybe together, and varying little except in size.

Which is a half truth. And a long way from reality.

Looked at closely, the same blueprint can reflect a complexity of know-

how, with ball and cylindrical and taper bearings all put together in a car gearbox for instance.

Which, in turn, is a step nearer the truth that the strength of bearings is often in their differences.

This brings us to a dimension you can't see in the drawing. Modestly known as application engineering, but based on four criteria that are far from modest.

First: on SKF competence in a microgeometrical bearing world where big energy savings can depend on a tenth of a thousandth of a millimetre.

Secondly: on 75 years of field experience, accumulated by thousands of engineers and passed on to our application specialists today.

Thirdly: on an understanding of the problems that equipment makers and users are faced with and that are fed back into SKF's own anti-friction R & D.

Fourthly: on our ability to

balance ideal rolling bearing selection and application design, only made possible by an unrestricted programme of bearing types.

All of which is the extra dimension built into our bearings—from miniatures weighing three hundredths of a gramme to those weighing 500 million times more.

And into the blueprint solutions we also provide—worldwide.

We ease the friction of mechanical movement.



Local authorities kept down year's rates by £200m

By ROBIN PAULEY

LOCAL AUTHORITIES in England and Wales kept down the 1982-83 rates, which were fixed at the end of March, by taking £200m from reserves. Most of the money was used by authorities which had council elections in May.

Figures published yesterday by the Chartered Institute of Public Finance and Accountancy show that the 12 inner London boroughs took £57m — or £25 per head of population — out of reserves. The outer London boroughs took £35m, or £3 per head. The metropolitan districts used £30m (£2.65 per head), English shire districts £15m (£1.78), Welsh districts £3.3m (£3.9) and Welsh counties £11.6m (£4).

Balances

The English shire counties — which, like Wales and two thirds of the English districts, had no local polls this year — drew a surprisingly large £31m, or £2.62 per head, from balances. That was partly accounted for by the traditional use by counties of balances for capital funding.

The second-tier London authorities — the Greater London Council, the Inner London Education Authority and the Metropolitan Police — all increased their balances by a total of £55m, or £3.65 per head. English metropolitan counties increased their collective balances slightly — up by £4.4m or 39p per head. The total draw on balances was £268m and the net figure was £205m.

In inner London, where high

rate bills have become an increasingly sensitive political issue, all councils except two — Kensington & Chelsea and Southwark — raided their reserves.

The city of Manchester added £11.8m to its reserves, more than compensating for the fact that every other district in the area took money from balances. Most other metropolitan districts also took cash from their reserves, although Liverpool, Doncaster, Newcastle and Coventry all added.

Anxious

The Treasury has been quietly anxious for some time about fears that an unaccounted £1bn or more may be in local council contingency funds, quite apart from the £1bn official balances. But some councils, particularly in London, are running with cover balances than is considered prudent.

Use of balances this year was helped by unexpected housing subsidy windfalls and a more generous grant share-out than expected, which put London at the bottom of the rate rise table. Domestic rates rose by only 9.7 per cent in inner London and by 12.9 per cent in outer London, compared to a national average of 15.4 per cent.

But next year, when there will be no elections in London, higher rate rises will be needed to restore reserves—and to start building them up again ready to subsidise a low rate in 1986, the next London borough election year.

Tourist account in deficit for March

By James McDonald

BRITAIN'S travel account went into deficit by £30m in March, with overseas visitors spending £185m abroad, according to the Department of Trade figures published yesterday.

However, the UK travel account showed a surplus of £25m for the first quarter of this year, because of a £55m surplus in January and a balanced account in February. This compares with a £13m surplus in the first three months of last year.

The number of overseas visitors to the UK in March, at £20,000, was 10 per cent down on a year before. They spent 7 per cent less than in March 1981 but more in the first quarter overall. The number of Britons going abroad in March, at 1,06m, was about the same as March last year but their spending of £185m was 5 per cent higher.

There were fewer visitors to the UK in March from Europe, but more North Americans came to Britain than a year ago.

Almost 40 per cent fewer Britons visited North America in March this year, reflecting the greater strength of the dollar. This was offset by a 9 per cent rise in visits to Western European countries outside the EEC.

International Passenger Survey figures for the first quarter of this year show that the number of overseas visitors to Britain, at 1,96m, was 2 per cent more than in the first three months of 1981, while visits abroad by UK residents were 4 per cent higher at 2.63m.

Spending in the UK during the quarter by overseas visitors, at £550m, was 6 per cent higher than a year before.

Why the British are staying close to home

Travel agents are suffering their own recession this year. Arthur Sandles reports

THIS COULD be the year that Britain's remarkable holiday bubble bursts after surviving oil crises and recession. The summer of 1982 is bringing bad news for the travel trade.

The number of Britons who have decided not to take a holiday this year, other than simply staying at home, has soared to more than one-third of the population. At the same time, those taking holidays have cut their costs. One source suggests the cut is more than 20 per cent in pound for pound terms.

Once inflation is included, the implications for the travel industry are disastrous.

When, a little over a year ago, the English Tourist Board asked Britons whether they intended taking a holiday, 62 per cent said yes. This year that figure has dropped to 58 per cent. When the rest were asked if they had definitely decided against going away, only 29 per cent said yes. This year it is 35 per cent.

The shock for the travel business this year is that the recession has now hit foreign holidaymaking. For a couple of years it was almost conventional

wisdom that, come what may, the British would go on foreign holidays.

It is certainly true that while other tourist generating countries, such as Germany, Sweden and even the U.S. and Japan, saw some slackness in their foreign travel markets, the British continued to stream abroad.

Last year saw a 9 per cent rise in the number of Britons going abroad for their holidays. The signs are that all that growth, and more, will have disappeared by the time this year's figures are counted.

The 1981 boom is now seen as the result of a series of factors: the year started with sterling strong, the recession had not really hit the middle income workers who are the backbone of foreign travel business; tour operators were still able to get bargain prices from airlines and hoteliers.

Now the pound has dropped

in value and the middle classes are as worried and cash-hungry as the blue collar sector. Foreign tours are still being offered at bargain rates, but tour operators have to face problems caused by the Falklands crisis and the prospect of a good summer in the UK.

"Holiday companies are having a tough time at the moment," says Mr Richard Gapper, managing director of Pickfords Travel. "They are caught between rising costs because of a weakening pound and rapidly falling prices as discounts are offered to sell off excess holiday space."

The board's holiday intention survey suggested a drop in the number of people going abroad from 23 per cent to 22 per cent less than 5 per cent, but the indications are that the real fall for the package tour companies will be much higher—perhaps as much as 10 per cent.

This is partly because the

survey is one of intentions, not actual decisions, and partly because package tourism may be bearing the brunt of the holiday decline. Independent holiday-making, particularly motoring and self-catering holidays to France, seem to be enjoying something of a boom.

But Pickford's survey confirms the company's suspicions. Its 190 agency branches report that the average price of a holiday booking this year is £170 per person, which is more than 20 per cent below last year's figure.

"The collapse in holiday prices means a severe set-back for many of the smaller High Street travel agents whose major source of income is a standard 10 per cent commission on every holiday sale," says Pickfords. "They are now earning less than a year ago for selling each holiday, yet overheads have continued to rise steeply."

If the news is gloomy for

foreign visits by the British, it seems even less cheerful for domestic holidaymaking. The board's survey suggests not only that Britain can expect a three point decline in its domestic traffic from 95 per cent of the adult market to 92 per cent but also that this fall will be concentrated on England. Britain's holidaymaking market meanwhile continues to shrink towards London and the South-East as business from the Midlands and the North weters in the chill winds of economic hardship.

In both domestic and foreign markets the hope now is that the Falklands crisis will ease and that people will suddenly turn to the brochures once more.

"It is the late, late show for August," says Mr Sid Silver, managing director of Cosmos Tours. It may be more than that. "There must now be a growing possibility of some further travel bankruptcies," says Pickford's Mr Gapper.

No wonder the Good Hotel Guide urges its readers to check whether a property is still in business before attempting to make a booking these days.

Final trials for Belfast airliner

By Michael Dome, Aerospace Correspondent

THE SHORT 360 twin-engine commuter airliner is moving towards certification for service later this year.

The 36-seat aircraft, built by Short Brothers in Belfast, flew this week to the U.S. for final trials, including propeller strain, hot temperature handling, noise and final ground handling tests.

Some 15 regional airlines, many in the U.S., have placed orders for over 100 360s, or are negotiating contracts with Short Brothers.

BA pilots leave cockpit but stay airborne

By RAYMOND SNODDY

SEVERAL British Airways pilots are this week completing a training course at Gatwick Airport to turn them into junior cabin crew.

This weekend the group of 22 co-pilots and first officers will begin serving meals, drinks and duty-free goods on British Airways flights to Newark, New Jersey, Los Angeles or the resorts of Spain and Greece.

They will continue to draw salaries averaging £14,000 a year, despite being classed as cabin crew grade I, a job with a normal starting salary of £4,500.

The 22 are the first BA

staff to be redeployed as cabin crew from a pool of about 200 pilots who have been declared surplus to flying duties. The surplus is caused by the phasing out of such aircraft as the VC10 and the drop in passenger traffic.

About 100 have been redeployed, some as computer programmers, others taking administrative or technical jobs on the ground.

The decision to introduce pilots as cabin crew has angered some staff at British Airways. Cabin crew at first decided not to accept the pilots, but the vote to take industrial action to back up

the decision was split down the middle and the retraining programme went ahead.

Some first officers are angry because they fear the surplus pilots ministering to the needs of passengers may be able to earn more than them.

As cabin crew, the surplus pilots will qualify for extra payments such as bar commission, which can be as much as £140 in a good month. They may be also eligible for extended-time payments for working on their day off—usually about £30.

Members of the British

Stewards and Stewardesses Association at Heathrow voted last month not to accept surplus pilots as cabin crew and threatened industrial action if any attempt was made to force the issue.

Cabin crews fear that they, and not the pilots, have had to bear the brunt of BA redundancies and accompanying improvements in productivity.

"The cabin crews have saved BA between £14m and £18m. I have seen no figures yet on what the pilots have saved," a cabin crew member at Heathrow said.

Co-op to restructure societies

By DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

SENIOR OFFICIALS from the Co-operative Union—the co-ordinating body for the co-op movement—are to visit all 160 retail societies over the next three months to draw up proposals for a radical restructuring of the co-op's trading system.

The move follows the overwhelming support at the Co-operative Congress in Brighton this week for a move to slim down the retail movement over the next two years to create 25 large regional societies.

The need for such radical action has been confirmed by confidential figures circulating among societies at yesterday's final session of the congress which emphasised the poor trading performance of the co-op over the past year.

The figures show that sales have risen by only about 4.5 per cent—a fall in real terms after allowing for inflation—to reach some £4.2bn. Meanwhile, market share, which five years ago was at 7.1 per cent of all retail trade, slipped from 6.5 per cent to about 6.1 per cent.

The financial reserves of most societies have also taken a beating as a result of the recession and High Street price war.

The decision to visit all retail societies—not just those in financial difficulties—has been taken by the Co-op Union to help pave the way for the restructuring of the movement along regional lines. The union's officials will discuss ways in which each society could participate in a regional framework.

A full report on all the visits will be made by the union executive by the end of the year. It will then decide what further steps are needed.

At the same time as these informal discussions are being held, an increasing number of small retail societies are expected to merge with neighbouring societies. Such mergers have already reduced the number of individual retail societies by about a fifth.

Officials from the Co-operative Wholesale Society and the Co-operative Retail Services are also expected to hold informal talks about the possibility of these two bodies merging. This would create an organisation with total sales of some £2.7bn a year and would account for a quarter of co-op retail trade.

CEGB ponders funding N-objection

THE Central Electricity Generating Board said yesterday it was having difficulty in deciding whether to help meet the expenses of objectors to proposals to build Britain's first pressurised-water nuclear reactor at Sizewell, Suffolk.

The statement came during the second day of a meeting at nearby Snape, designed to smooth the way for a public inquiry into the project next year.

Lord Silsoe, QC, told Sir Frank Layfield, the Environment Department's inspector, that the board's constitution required it to act to benefit of

consumers. The board believed it was in the interest of the consumer that the reactor be built, so contribution to the expenses of objectors was questionable.

Documents to support the application had been published very early, Lord Silsoe said. There was irony in giving objectors the chance to say they would like money from the CEGB to demolish the board's application, he said. No decision about finance had yet been made, but "it would not be wise for the objectors to assume there will be a contribution," he added.

The callers yesterday for public funds for objectors were headed by Mr John Howell for Friends of the Earth, who said that such funds "might ensure that in the battle with the Government of the CEGB, the objectors did have a 'king'."

He said the CEGB and the nuclear installations inspectorate were frustrating the wishes of the Environment Secretary by not releasing some of the 300 documents, which form the basis of the CEGB's case that the reactor would be safe, in time to give objectors six months for analysis.

Gloomy forecast for glass bottle makers

By MAURICE SAMUELSON

BRITAIN'S glass container industry is becoming too crowded and the disappearance of one or more medium-sized companies is almost inevitable, it was claimed this week.

Mr Tony McBurnie, managing director of United Glass Containers (UGC), the leading bottle manufacturer, expects further "hard decisions" about plant closures and rationalisations.

The industry's workforce has been cut by 20 per cent in the past four years. Between the end of 1979 and the end of last year, UGC reduced its workforce from 10,500 to 7,750. Employment in the container division fell from 8,500 to 6,000. The company closed two of its eight plants.

However, Mr McBurnie, ruled out any further closures by his

company this year and forecast that next half yearly results, due this month, would show a profit. He also claimed that UGC was meeting its sales target, although the industry as a whole was 3 per cent down.

According to a recent survey by Euromonitor Publications, United Glass had 28 per cent of the £378m UK glass container market.

Next came Rockware Glass with 26 per cent, Redfearn National with 15 per cent and Beaton Clark, which specialises in pharmaceutical containers, with 6 per cent.

UGC, owned jointly by the Distillers Company and Owens-Illinois of the U.S., has been adversely affected by falling whisky sales.

It expects to win a greater share of its business from beer

and soft drinks manufacturers, but, like other glass makers, UGC faces long-term competition from cans, and plastic and paper containers.

UGC's rationalisation programme has cut its labour costs from 40 per cent to 30 per cent of its total manufacturing costs. Yet these probably remain high compared with unit labour costs among some non-glass container makers.

On the other hand, the glass makers' estimated 15 per cent overcapacity is far lower than that in the beverage can industry. Imports of finished bottles and jars, now claiming about 8 per cent of the UK market, are another concern.

The Packaging Report 1982; Euromonitor Publications, 18 Doughty Street, London WC1N 2PN. 138 pages; £95.

Metal-coated sales reach £20m a year

By MAURICE SAMUELSON

METAL-COATED FILMS and papers have achieved sales worth £20m a year, almost a fifth of the value of sales of aluminium foil, their main competitor in the packaging field.

Mr Tony Broomfield, managing director of Canvac, a subsidiary of the Bowater paper group, claims that metallising, which has spread rapidly in the past five years, has replaced

parts of the packaging field previously held by aluminium foil. UK sales of which are worth more than £100m a year.

Metallising is a process in which a coating, usually of aluminium, is vapourised in a high vacuum and allowed to condense on to film or paper.

Mr Broomfield's claim highlights a controversy brewing in the packaging industry about threat to makers of aluminium foil.

The latter strongly deny that metallised materials can become a genuine rival to aluminium foil, which they say has superior "barrier" qualities.

Metallised materials are increasingly used by the food, cigarette and wine trades for decorative as well as protective reasons.

Technology, Page 12



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UK NEWS



Highlights of six gruelling days. Left: Two pictures of the Pope with Dr Robert Runcie, the Archbishop of Canterbury, at Canterbury Cathedral. Centre: The Pope greets Cardinal Basil Hume, Archbishop of Westminster. Right: A meeting with the Prince of Wales and Dr Runcie. Far right: Signs of exhaustion, the Pope yawns during a service in Manchester

Big growth in number of council houses lying empty

By Lisa Wood
The number of council houses empty for more than a year, while local authorities tried to sell them, trebled last year, according to a report, published by Shelter, the housing pressure group.
The report also says that spending cuts have reduced the support given to first-time buyers by local authorities to an all-time low. Only 6,000 loans for house-purchase were expected in 1981-82, compared to 30,000 two years ago.
Out of a total of 24,000 council houses, which had been empty for more than one year last June, 4,000 were waiting to be sold, an increase of 1,000 on the previous year, said the report in Roof, Shelter's housing magazine.

Policies

The figures, from information supplied by English local authorities to the Department of the Environment, showed a number of blind spots in the Government's housing policies, said Mr Roger Matthews, one of the authors of the report.

"Often the Government has no policy to deal with the problems revealed by these statistics," he said. "In some cases its policies are making things worse. For instance, what is achieved by keeping 4,500 council houses empty for over a year so that they are sold 'rather than rented'? This is a waste of much-needed houses."

According to the report, there were more than 630,000 empty houses in England in 1981. Most of them were in the private sector, where the Government had no policy to get them back into use, the report said.

Of the 24,000 council houses empty for more than a year to June 1981, 12,800 were in Greater London.

Problems of blind highlighted

MORE than a quarter of Britain's blind people live on their own, over a third have an income of less than £2,000 a year, barely a third of those of working age have a job and about half are over 65, according to a survey into the circumstances of blind people, carried out for the Royal National Institute for the Blind by three market research companies and summarised in today's New Society.

Some people's circumstances were particularly difficult. A blind lady, confined to a wheelchair, had to look after a mentally handicapped daughter in her forties. A 50-year-old woman, lame and blind, was living with an 82-year-old friend with failing sight.

Low incomes were the most obvious problem. Only 25 per cent had incomes of £3,000 or more; more than half earned less than £2,000 a year.

The majority of those questioned had a car available. In most cases, at least once a week—and 87 per cent had access to a telephone.

Who are Britain's Blind People? Royal National Institute for the Blind, Great Portland Street, London W1G 1PE. Price £5.

A joyful pageant offering no prospect of change

POPE JOHN PAUL II's visit to Britain, which ended yesterday was a guaranteed success before the Pontiff raised his lips from the Gatwick tarmac six days ago.
The fact that he came, defying Vatican advice based upon the crude measurement of political constituencies, cast over the visit a cloak of simple pastoral concern, without which the historic drama in Canterbury Cathedral on Saturday would have had less meaning.
Perhaps it was this sense that he was a priest among his flock, rather than a political leader among his supporters, which finally defused the impact of opposition to the visit.
Anti-Catholic feeling may still be widespread in some parts of Britain, but on the evidence of last week, it is for practical purposes dormant. Mr Ian Paisley's political base now exists only in Ulster, which was certainly not the case 10 years ago.
The crowds, of course, were much smaller than forecast.

especially given the remarkable weather. But it is hard to imagine anyone or anything else in a television society attracting not one but a series of gatherings with headcounts of around a quarter of a million.
But what, it has to be asked when the cavalcade is passed, has been achieved beyond a mass rally for the faithful?
Roman Catholics, if they have looked, will have looked in vain for new teachings. John Paul's homilies, composed by himself in Polish and translated in enough time for him to practice his diction, were stark, rough hewn offerings, delivered with the mettle of a shop steward at a factory gate.
He selected content with an eye to local politics—unemployment in Liverpool, war and peace in Coventry—but avoided controversy.
Some Catholic commentators were pleased at the relative softness of the tone used in the York address on the family, but

The Pope's visit has underlined his inflexibility on traditional dogmas, says Ian Hargreaves

The pope still castigated contraception as "anti-life." He praised those who are compassionate towards the divorced, without mentioning his own dogged adherence to the principle that divorcees should be barred from the eucharist.
He spoke approvingly of the "greater attention to promoting the dignity of women," but again offered no thoughts on how the church might contribute to this process.
More moving, and perhaps also more substantial given the historic concept of the "just war," was his Coventry sermon against war, which he said was now "totally unacceptable, as a means of settling differences between nations."
In short, John Paul did nothing publicly to suggest that

it is time to re-assess the widely held characterisation of his papacy as populist but impenetrably conservative in moral and theological terms.
Indeed, the effect of the Pope as lone media star, engaged only in either monologue or the magical link of adulation with his people, has reinforced not only the sense of populism but the isolated authoritarian nature of the papacy.
The incongruity is that it should be this Pope, with these views, who should be kneeling at the shrine of Thomas a Beckett and inviting British church leaders to come to Rome to continue the church unity debate which reached a watershed in March with the publication of the Anglo-Roman

Catholic International Commission.
This commission spoke of the possibility of Anglicans accepting the Pope as a "universal primate" without accepting the notion of his infallibility. Other essential steps in the road to unity would be Catholic recognition of the validity of the Anglican ministry and, eventually, intercommunion.
Last month the Vatican's Sacred Congregation for the Doctrine of Faith, a kind of official Vatican think-tank, dismissed the report's findings in large part as "not acceptable as Catholic doctrine."
The Pope, in his many urgent impressions towards unity during his visit, simply pushed aside the detail. "The Pope is saying that unity is an inescapable objective, but by implication that perhaps he does not understand himself how it will be achieved," said Mr Martin Conway, an Anglican, who is secretary to the British Council of Churches, Division of Ecumenical Affairs.
Protestant church leaders, who met the Pope privately for about 45 minutes in Canterbury, were able to do little more than list the areas where

they feel progress should be made—for example, making easier mixed marriages between Catholics and non-Catholics, which now account for 70 per cent of marriages, in some dioceses.
The other critical issues are the nature of papal authority and the understanding of the sacrament of holy communion, although there are many other divisions, such as the position of Roman Catholic schools in Britain, which many feel deepen the gulf between denominations.
To these points, the Pope is said to have responded with an open "let's talk about it" attitude which came as a pleasant surprise to those, especially in the free churches, who expected him merely to smile, and move on to the next question.
Clearly, however, it will be a long haul from Saturday's embraces to inter-communion said with the Pope back in Rome. The British protestant churches must turn their immediate attention back to the tricky business of finding unity among themselves.
The debate over the so-called covenant for unity reaches a climax this summer, with votes at the end of this month in the Methodist Church and on July 7 in the General Synod of the Anglican Church.
The United Reformed Church (formed 10 years ago by the merger of the Congregational

Union and the Presbyterian Church of England) has already voted very narrowly to accept the covenant and the Methodists will certainly do likewise.
The Anglicans, not for the first time, are torn. A determined group, which sees the Church of England's future in the earliest possible alliance with Rome, fears that unity with the free churches, some of which permit the ordination of female ministers, will raise an impossible obstacle in the talks with Rome.
The low-churchmen positively crave unity with the dissenters precisely to scupper the ambition of Dr Robert Runcie, the Archbishop of Canterbury, for unity with Rome by the end of the century.
The synod vote is certain to be extremely close and the outcome probably depends upon whether a few of the Anglo-Catholics can be persuaded to vote for unity.
To return to the Pope's visit, will this group respond to John Paul's yearning to end the "sad years of division," or will they scrutinise the homilies and conclude that this Pope is himself an impassable barrier to Rome's unity with anything other than a very compliant partner prepared to swallow Catholic doctrine more or less whole?
That is the ambiguity Pope John Paul has left behind in Britain.

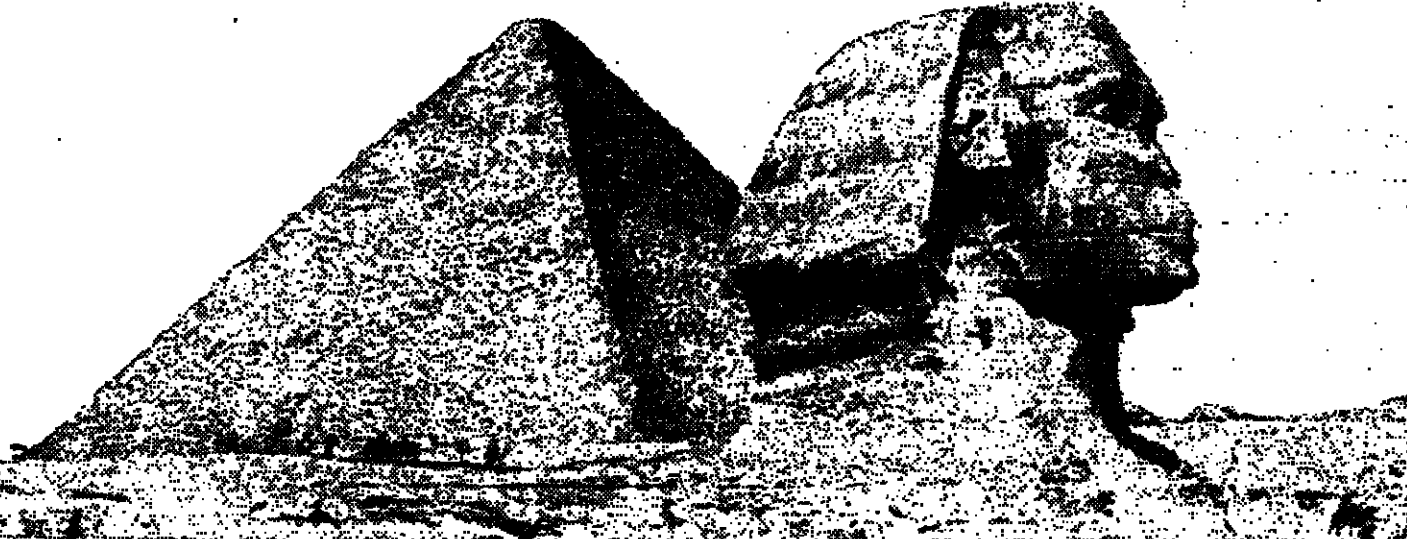
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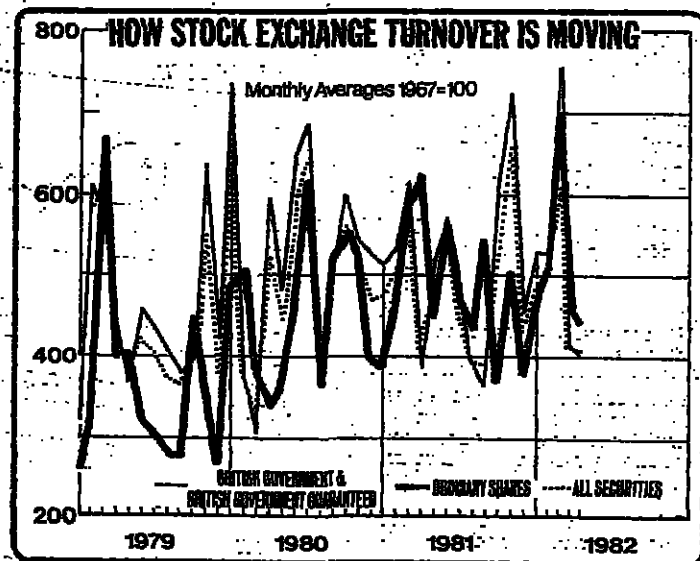
STOCK EXCHANGE BUSINESS IN MAY

Worries over South Atlantic put damper on transactions

BY GRAHAM DELLER

THE ESCALATION of hostilities in the South Atlantic contributed to a further contraction in business on the London Stock Exchange during May.
Turnover of £13.37bn in all securities was £230m below the April figure, which was in turn well short of the record of £22.73bn, established in March. Another dampening factor was that, with two bank holidays during the month, there was one fewer trading day than in April. The Financial Times turnover index for all securities eased to 409.7 compared with 416.6 in April, itself the lowest since last September.

The overall number of bargains continued to fall, and the total of 334,483 was 55,838 below the April figure, but the average value per bargain increased by £5,155 to £39,584.
Business in gilt-edged securities showed only a modest fall of £380m, 3.92 per cent, to £9,500. A decrease in short-dated stocks was partly offset by a slight rise in demand for longer-dated stocks and irredeemables.
The apparent failure of the various peace initiatives and continuing military action in the Falkland Islands kept attention away from the two main investment sectors throughout the month. The Financial Times



Government securities index moved between 69.41 and 67.67 before closing the month 1.5 points higher at 69.20, the slightly firmer tone owing much to hopes of lower U.S. interest rates.
Equity turnover fell £120m, 4.57 per cent, to £2,460m, and the number of equity bargains also showed a fall of 51,345 to 241,774, the lowest so far this year.
The Financial Times turnover index for ordinary shares fell to 439.5, while the Financial Times industrial ordinary share index finished the month a net 12.2 points higher at 597.3, having touched 590.6 on the 14th.
Renewed weakness in the bullion price, down \$38 to \$324 per ounce, resulted in another poor month for gold shares.

Category	Value of all purchases & sales £m	% of total	Number of bargains	% of total	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Govt. and British Govt. Guaranteed:							
Short dated (having five years or less to run)	5,506.0	41.2	19,449	5.8	289.8	283,099	1,074
Others	3,997.1	29.9	44,349	13.3	210.4	90,087	2,335
Irish Govt.:							
Short dated (having five years or less to run)	450.0	4.9	2,371	0.7	34.2	274,104	125
Others	350.6	2.6	2,838	0.8	18.4	123,536	149
UK Local Authority	238.2	1.8	3,349	1.0	12.5	70,706	177
Overseas Govt.:							
Provincial and Municipal	27.8	0.2	702	0.2	1.5	39,393	37
Fixed interest stock, pref. and - pref. ordinary shares	139.3	1.0	19,561	5.8	7.2	7,121	1,030
Ordinary shares	2,463.1	18.4	241,774	72.3	729.4	10,188	12,725
Total	13,372.0	100.0	324,432	100.0	703.8*	39,994*	17,602*

* Average of all Securities



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Off-shore oil groups 'hindering union work'

Financial Times Reporter
TRADE UNIONS recruiting offshore production workers in the North Sea are to complain to the TUC that companies are not following agreed procedures on access and recognition.

Unions claim that they now have to wait too long for gaining access to the platforms, six or seven months in some cases, and that two recent claims for limited recognition after substantial votes in favour were rejected by the companies concerned.

Access to rigs and platforms is governed by a memorandum of understanding drawn up in 1976 between the UK Offshore Operators' Association, unions and the Department of Energy, giving the unions a right of access. But in reality access depends on the discretion of the companies.

Recognition follows a lengthy two-stage procedure agreed between the association and the Aberdeen-based Inter-Union Offshore Oil Committee.

After a meeting earlier with the oil operators' liaison panel, Mr Campbell Reid, secretary of the inter-union committee, said yesterday: "There is not much point in having guidelines if they are not going to be complied with."

No comment was available from the operators' association, which is believed to feel that the agreements are advisory only and individual companies have the right to make their own decisions.

Uneasy peace as dustmen call off strike

BY DAVID GOODHART, LABOUR STAFF

A COUNCIL'S 216 dustmen are due to resume work today after voting at a mass meeting yesterday to end the seven-week-old strike against the Tory-run borough's plans to privatise refuse collection.

Union officials said the strike would remain, the campaign against privatisation would continue and further strike action was still possible if the council pressed ahead with privatisation.

The peace formula amounts to a considerable climb-down by the two unions involved, the National Union of Public Employees and the General and Municipal Workers Union.

The only minor concession is that the unions will be given details of the 14 tenders for the refuse contract delivered to the council yesterday. Names of tenderers will not be disclosed.

The reformist direct labour scheme recommends an end to a number of restrictive practices and a reduction of the work force to 166. The unions have not taken part in drawing up these proposals and do not consider them binding.

Mr Maurice Heaster, deputy leader of the council, said: "There will be major savings for the ratepayers whether we accept the new direct labour proposal or one of the tenders."

Mr Eric Meecham, managing director of Pritchard Industrial Services, one of the tenderers, said: "It is very sad that the council is allowing the unions to see the tenders at all."

There are precedents for unions seeing tenders both in Wandsworth—in the mechanical workshops—and in Croydon. But Mr Meecham, whose company already has the tender for street cleaning in Wandsworth, fears that tenders might be used as a bargaining counter with the direct labour force.

If one of the tenders is accepted any council dustmen employed by the private company have been assured comparable wages. The dustmen do not have a no-compulsory redundancy agreement with the council.

Mr Scott said that another part of the peace formula included further talks on severance payments. The council has already set aside £800,000 for redundancy pay—more than double the national minimum per man.

Shop stewards fear British Rail may shut most workshops

BY NICK GARNETT, NORTHERN CORRESPONDENT

SHOP STEWARDS at the Horwich locomotive works in Lancashire, which is threatened by British Rail's proposed cuts, predicted yesterday that the railways board could eventually close all but a few of its 12 engineering sites within the next few years.

BR's plan would involve the total closure of Shildon in County Durham with the loss of 2,600 jobs, the closure of Horwich, except for its foundry with the loss of 2,000 jobs and a partial shutdown at Swindon.

The National Union of Railwaymen has given BR until next Monday to withdraw its closure plans or face national industrial action.

Shop stewards yesterday circulated a document, signed by the chief secretary of the Railways Board and laying out the role and responsibilities of British Rail Investments Limited (BRIL), the holding company set up to introduce private capital into subsidiary businesses of BR.

They said the document, dated June last year, indicated that privatisation would be extended much wider than BR's hotel and shipping operations and into engineering work. But BR said last night that this was a wrong interpretation of the document.

The six pages of policy notes for board members said that subsidiaries for transference to BRIL are Sealink UK, BT Hotels, excluding Travellers Fare; and BR Hovercraft.

But it also says that "at a later date, other BRB subsidiary businesses or property may be considered for possible transfer to BRIL."

It makes it quite clear though that in all the paragraphs discussing BR subsidiaries, they refer solely to Sealink, BR Hotels and BR Hovercraft. This was re-emphasised yesterday by British Rail.

All-out stoppage warning by health workers' leader

BY JOHN LLOYD, LABOUR EDITOR

A SENIOR official of the National Union of Public Employees, the major health service union, warned yesterday that its members were close to withdrawing cover for all services, including accidents and emergencies.

Mr Barry Shuttleworth, Nupe's Midlands divisional organiser, said that meetings with stewards in the large city hospitals showed a growing frustration with the lack of success in improving the Government's 4 per cent pay offer through the present campaign

of selective action. "I never thought it would come to the point where there was a possibility of complete withdrawal of labour. But the frustration being expressed is such that I don't know if an emergency service can continue much longer," he said.

Support for the health service workers from other groups of workers continues to build up, though many health service union officials are reserving judgment on the effectiveness of sympathetic action until they see it materialise. The first of

two 24-hour strikes takes place tomorrow, the second on June 8. In traditionally militant areas, widespread action is planned. A meeting of the Wales TUC today is expected to approve a call for a one-day strike by the South Wales miners on June 16—a strike which is likely to be supported by other public sector workers.

Mr Derek Gregory, Nupe's divisional officer for Wales, says that seamen might try to stop ferries on June 16. He said that most hospitals in the area had been reduced to accident and emergency cases only.

Mineworkers in Scotland, Leicestershire, Nottinghamshire and Lancashire have promised support either on the picket lines or financially.

Mr Moss Evans, the general secretary of the Transport and General Workers Union, has sent a message to all the union's full-time and lay officials, urging backing for the health workers.

The message says that Mr Evans will be "using his influence on the TUC General Council" to persuade other unions to take sympathetic action. Mr Evans says his members should not cross picket lines, and should support demonstrations in their areas.

Some 60,000 members of the National and Local Government Officers' Association in Yorkshire and Humberside are being urged to join their 6,000 colleagues in the health service on the one-day strike on June 8. The union said last night that local authorities, universities and electricity and gas offices would be affected.

Dockers leave

THE Liverpool Docks Labour Board expects to make 280 registered dockers redundant over the next two weeks, bringing to 809 the number released under the special redundancy scheme since June 1.

204 parcel price cuts for exporters from the Royal Mail.

Afghanistan	£23.10 £22.65	Paraguay	£29.70 £27.00
Albania	£11.15 £ 9.80	Peru	£24.45 £24.00
Algeria	£11.65 £11.20	Philippines	£22.55 £17.15
Andorra	£ 9.40 £ 8.95	Pitcairn Island	£27.00 £24.30
Angola	£18.30 £17.85	Poland	£ 9.75 £ 9.30
Anguilla	£22.15 £20.80	Portugal	£ 9.50 £ 9.05
Antigua	£21.00 £19.65	Puerto Rico	£15.45 £15.00
Australia	£29.30 £26.60	Qatar	£17.10 £16.65
Austria	£ 9.45 £ 7.65	Reunion	£27.90 £27.00
Azores	£10.05 £ 9.15	Romania	£10.30 £ 8.95
Bahamas	£16.80 £15.90	Rwanda	£17.15 £16.70
Bahrain	£17.90 £16.55	Sabah	£25.65 £22.05
Balearic Isles	£ 9.40 £ 8.95	St. Kitts	£23.00 £21.20
Bangladesh	£21.15 £20.70	St. Lucia	£23.90 £20.30
Barbados	£19.60 £17.15	St. Pierre & Miquelon	£15.10 £14.65
Belgium	£ 9.35 £ 8.90	St. Vincent	£21.20 £19.40
Belize	£15.00 £14.10	Samoa	£39.20 £36.50
Benin	£19.20 £18.75	Sao Tome & Principe	£19.10 £18.20
Bermuda	£13.60 £13.15	Sarawak	£24.75 £20.70
Bhutan	£24.90 £24.00	Saudi Arabia	£17.40 £16.50
Bolivia	£24.45 £23.10	Senegal	£16.65 £16.20
Botswana	£24.85 £23.90	Seychelles	£24.30 £23.40
Brazil	£26.40 £24.15	Sierra Leone	£16.05 £15.15
British Virgin Islands	£21.30 £19.50	Singapore	£24.00 £19.50
Brunel	£24.90 £21.30	Solomon Islands	£39.80 £38.00
Bulgaria	£11.45 £10.55	Somali Dem. Rep.	£21.15 £19.80
Burma	£23.60 £22.55	South Africa	£ 60 £23.25
Burundi	£16.05 £15.60		1.50 £ 9.05
Cameroon	£15.75 £15.25		
Gaza & Khan Yunis	£13.70 £12.80	Libyan Soc. People's	
German Dem. Rep.	£10.35 £ 9.00	Arab Jamahiriya	£11.30 £10.85
German Fed. Rep.	£ 9.05 £ 7.70	Luxembourg	£ 7.95 £ 7.50
Ghana	£14.30 £13.85	Macao	£21.60 £21.15
Gibraltar	£ 8.65 £ 8.20	Madagascar	£27.15 £26.25
Greece	£12.85 £11.95	Madeira	£10.05 £ 9.15
Greenland	£14.90 £13.45	Malawi	£21.45 £20.55
Grenada	£23.90 £22.55	Malaya	
Guatemala	£15.75 £15.25		

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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1975=100); retail sales value (1975=100); registered unemployed (including school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. orders	Retail sales vol.	Retail sales value	Unemp.	Vacs.
1981							
1st qtr.	99.6	88.3	98	106.5	130.8	2,282	100
2nd qtr.	99.0	88.9	92	104.7	134.5	2,482	89
3rd qtr.	99.9	89.8	104	105.5	139.1	2,641	86
4th qtr.	100.2	89.9	90	105.4	138.5	2,752	104
Oct	101.5	91.5	82	106.2	147.8	2,822	99
Nov	100.1	90.4	94	106.6	158.4	2,760	104
Dec	99.1	88.1	83	104.6	183.1	2,769	108
1982							
1st qtr.	99.7	89.4	92	106.5	141.3	2,817	112
Jan	99.2	88.3	92	107.0	143.9	2,812	112
Feb	99.7	88.8	97	106.1	137.6	2,818	113
March	100.2	90.2	92	106.6	142.3	2,822	111
April				106.6		2,850	110
May						2,872	107

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textile	Hous. starts
1981							
1st qtr.	92.6	88.3	117.2	84.2	75.7	78.5	10.9
2nd qtr.	93.1	88.7	118.0	84.3	78.7	75.6	14.1
3rd qtr.	93.5	89.3	118.7	86.3	77.2	75.0	14.2
4th qtr.	93.4	90.0	121.3	86.2	82.7	75.6	11.8
Oct	95.0	90.0	124.0	87.0	84.0	76.0	13.4
Nov	95.0	90.0	121.0	86.0	80.0	75.0	13.1
Dec	92.0	90.0	119.0	86.0	79.0	75.0	7.7
1982							
Jan	91.9	91.3	119.4	87.1	83.0	73.7	14.7
Jan	91.0	91.0	119.0	86.0	80.0	73.0	11.4
Feb	93.0	91.0	119.0	87.0	84.0	74.0	15.6
March	92.0	92.0	120.0	88.0	85.0	74.0	17.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance, current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. £\$bn*
1980							
4th qtr.	126.4	111.4	+1,265	+2,114	+222	105.3	27.90
1981							
1st qtr.	126.4	111.4	+1,265	+2,114	+222	105.3	27.90
2nd qtr.	132.4	126.4	+552	+1,470	+698	99.3	23.35
3rd qtr.	118.9	107.8	+324	+767	+230	105.1	28.43
4th qtr.	102.9	104.7	-11.8	-11.8	-11.8	105.1	28.21
April	129.8	129.2	+58	+191	+291	99.6	23.70
May	132.4	122.2	+102	+302	+74	98.9	23.32
June	134.4	122.7	+111.7	+327	+205	100.1	23.46
July	130.6	120.6	+335	+641	+419	100.4	23.35
1982							
Jan	119.5	123.4	-132	+348	+188	101.2	23.23
Feb	125.4	120.6	+174	+654	+270	100.6	23.37
March							18.16
April							17.82
May							

*Trade figures for March-August 1981 not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' deposits (£m); H.P. new credit, all seasonally adjusted. Minimum lending rate (end-period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1981							
1st qtr.	6.5	8.8	12.4	+1,208	1,081	1,884	12
2nd qtr.	23.1	17.3	6.5	+4,250	1,103	1,936	12
3rd qtr.	8.1	18.1	29.7	+5,938	868	2,019	12
4th qtr.				+2,364	422	1,980	12
July	14.2	17.2	19.8	+2,240	290	658	12
Aug	0.8	14.5	35.4	+1,240	244	639	12
Sept	9.7	22.8	34.3	+2,458	334	706	12
Oct	4.7	20.2	24.0	+1,425	154	631	12
Nov	7.6	17.3	20.4	+480	65	642	12
Dec				+479	263	687	12
1982							
1st qtr.				+3,132	967	2,101	12
Jan				+856	356	654	12
Feb				+1,102	347	691	12
March				+1,173	284	756	12
April				+1,599	437		12

INFLATION—Indices of earnings (Jan 1978=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1982=100); trade weighted value of sterling (1975=100).

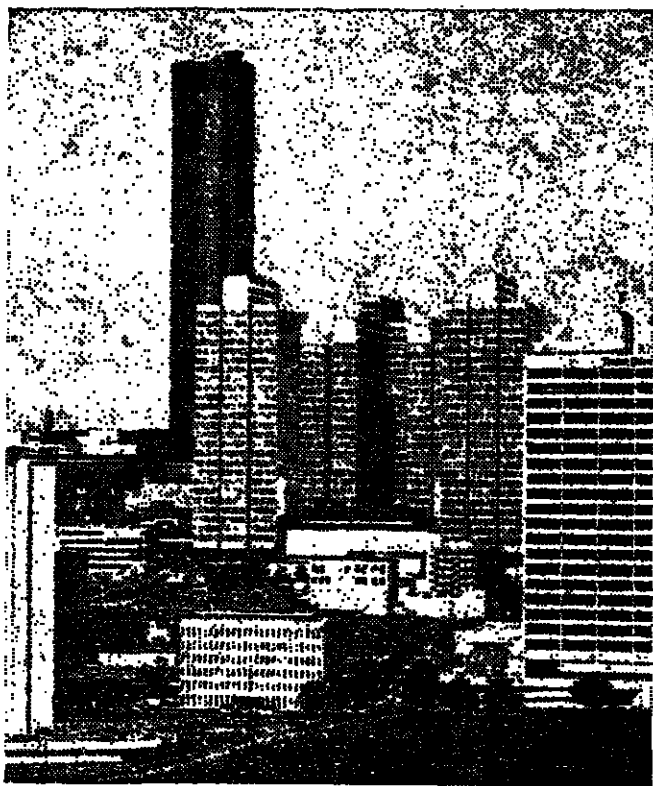
	Earnings	Basic matls.	Wholesale mfg.	RPI*	Foodst*	FT commodity	Strg.
1981							
1st qtr.	195.2	212.8	212.3	290.4	268.7	261.56	101.4
2nd qtr.	202.2	225.8	219.4	294.0	277.0	245.07	97.3
3rd qtr.	209.9	235.9	224.1	299.1	278.8	260.33	90.6
4th qtr.	214.6	237.3	229.2	305.5	285.6	248.97	82.7
Oct	212.3	238.2	227.8	302.7	282.7	259.12	82.7
Nov	214.3	236.3	228.4	306.9	285.5	245.79	80.1
Dec	217.1	236.8	230.4	308.3	288.5	248.97	80.8
1982							
1st qtr.	216.9	238.0	234.4	311.6	297.7	242.40	91.1
Jan	214.1	238.9	232.9	310.6	296.1	252.94	91.1
Feb	217.0	239.9	234.6	310.7	297.2	241.77	91.5
March	219.5	238.2	235.6	313.4	293.8	242.40	90.8
April		238.4	237.3	312.7	302.6	245.84	90.0
May						237.39	89.9

*Not seasonally adjusted.

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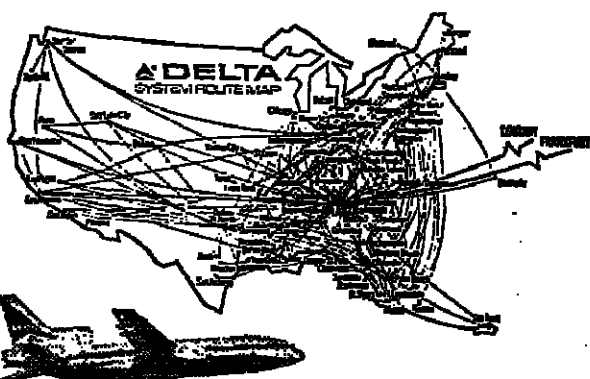
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TECHNOLOGY

EDITED BY ALAN CANE

Machine research is alive and well

BY MAX COMMANDER

ONE of the highlights of the 1981 year of the Machine Tool Industry Research Association (MTIRA) has been the development work on a microprocessor-based screw-cutting control system in which an electronic controller replaces the change gears to provide a more versatile performance.

Cheering

Not too exciting, you may say, but the system developed by MTIRA for Dean Smith and Grace of Keighley, West Yorkshire, has been successfully demonstrated and sometime this year should be launched on to the market.

At a time of economic depression and, particularly, when the UK machine tool industry has been in the doldrums, the MTIRA annual report makes rather more cheering reading.

For example, the Association's income in 1981 was 16 per cent higher at £229,000 than the previous year; the acquisition of a Hewlett Packard structural dynamics analyser has improved its work on the

dynamic behaviour of machine structures; and the Association's work on machine tool chatter, resistance, vibration, noise, thermal distortion, etc., has been much in demand.

That is the good news, but as W. R. Vaughan council chairman of MTIRA says: "No sector has been harder hit than ours; none has more meagre promise of swift recovery. Some of our great names have succumbed, most have been forced to cut-back on labour and resources."

"But although the companies, which were formerly members of MTIRA, may have changed they have maintained and renewed their membership."

Skirmishes

Mr Vaughan concludes by saying that 1981 was a period of savage skirmishes—the real battle will be on us sooner than we anticipate. Let no machine toolmaker doubt that any of us who do not move and move quickly to prepare themselves will not be with us for long."

Other highlights from MTIRA are:



A microprocessor manual data input system for screw cutting lathes which was developed by the Machine Tool Industry Research Association for a Yorkshire company

1—Work on a control system for a range of special purpose milling machines continued throughout last year. Most of the software and circuit design is complete and a prototype is under construction.

2—Although much of the work is confidential, one of the projects was to design and manufacture a machine tool spindle of 110mm diameter with a back-to-back conical oil hydrostatic bearing at the front

and a cylindrical oil hydrostatic journal bearing at the rear, driven through a three-ratio gearbox by a thyristor controlled DC motor.

The target specification was to achieve a bearing arrangement which could handle constant power over a speed range of 30 to 10,000 rev/min -1. But it was found that it was not possible to design a bearing that could withstand the loads.

MTIRA after consideration has come up with a system which abandons the cartridge design in favour of a simpler and potentially more rigid design.

Full technical details of this and other MTIRA achievements are available in the Association's report. Mr J. O. Cookson, Halley Road, Macclesfield, Cheshire (0625 25421). Dean Smith and Grace is at 0535 605261.

How to be safe in the robot age

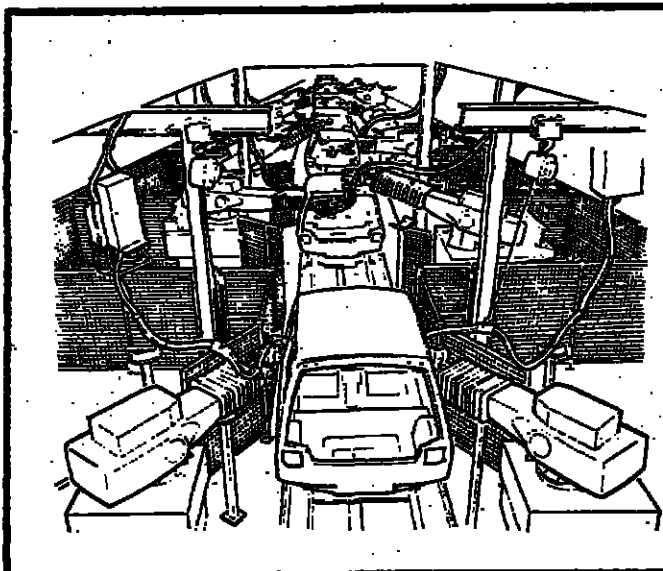
THE ABERRANT behaviour of an industrial robot resulting from a control system fault is one of the new industrial injuries hazards facing the fewer people on the factory shopfloor.

This is just one conclusion of a Machine Tool Trades Association survey on the basic principles of "Safeguarding Against Industrial Robots."

Early stages

The report stemming from consultation between robot manufacturers and the Machine Tool Industry Research Association, lists other possible hazards to the shopfloor human—the jamming of a servo-valve; the robot which cuts its umbilical cord; the split of a union on an exposed hydraulic pipe, and (probably very important) a robot arm which, because of a fault in data transmission moves through a larger than expected radius.

The report, while pointing out that the British Standard 5304 "Code of Practice" on the safeguarding of machinery



Perimeter guarding is one of the aspects discussed concerning industrial robots in the latest in the series of Codes of Practice from the Machine Tool Trades Association.

gives general guidance, emphasises that the development of industrial robots is still in its early stages, and the guidance in the booklet might have to be revised in the light of future technical advances.

The survey draws on the conclusions reached by a Japanese report in 1977. It showed that about 10 per cent of robotic accidents occurred during normal operation but the greatest risk occurred during programming, teaching and maintenance. This was confirmed by a similar Swedish survey in 1980.

Hazards listed in the MTTA report include impact (someone struck by the robot or the part it was carrying); Trapping Points (either within the movement of the robot arm or as it approaches the work point); and electrical shocks, burns or radiation, human errors, failures of electric, hydraulic and pneumatic and environmental hazards.

The Machine Tool Trades Association: "Safeguarding Industrial Robots" is available from MTTA, 62 Baywater Road, London (01-462 6671). It costs £7.00 incl postage.

All that glitters is not money

BY MAURICE SAMUELSON

SCHOOLCHILDREN collecting aluminium foil for charity are finding that all that glitters is not necessarily what they are looking for.

Silvery wrappers from snacks, candies or the inside of cigarette packets may look like the familiar aluminium foil but are in fact a clever imitation hard to distinguish at a glance.

Although the aluminium foil industry puts a brave face on it, it grudgingly recognises the growing competition from metallising—a born-again process pioneered by Thomas Edison, inventor of the electric light bulb.

Metallising is a process in which a coating, usually of aluminium, is deposited on to a film or paper by vapourising the metal in a high vacuum and allowing it to condense on to film or paper. Edison observed the phenomenon in the course of his search for a luminous electric element and promptly patented it.

In the past five years, it has established itself as a force to be reckoned with in the packaging industries of Western Europe, Australia and South Africa.

Initially introduced for its decorative properties, metallising is now being used in some applications where barrier properties are also needed. It has been less successful in competing against the U.S. aluminium industry, where lower energy costs have kept foil prices down.

Metallised film is catching on fastest in France, where it has been used on a wide range of flexible packages for coffee, sweets, snacks, chewing gum, milk powder and yoghurt tins.

In Britain, a sizeable part of the UK tobacco industry has

been putting metallised paper wrappers inside cigarette packs instead of an aluminium foil-paper laminate. One estimate, regarded as an exaggeration by aluminium foil producers, is that 35 per cent of UK cigarette packs have "gone metallised."

This trend is also likely to be followed in West Germany, where a South African tobacco company is reported to be installing its own metallising facility in a West Berlin cigarette factory.

In Australia, South Africa and Britain, metallised film has taken a large chunk of the market for bag-in-the-box wine packages, which have captured a significant section of the take-home wine trade in those countries.

In Europe, there are no fewer than 17 specialised metallising companies, with three each in the UK, West Germany and France, two each in Spain and Denmark, and individual companies in Belgium, Italy, Finland and the Netherlands.

The three UK companies are believed to have built up a combined annual turnover of about £20m in the past five years. This compares with the £100m a year revenue of the UK's big three aluminium foil rollers, Alcan Foils, Bacofoil and Star Aluminium.

The three UK metallisers are Camvac, the Cambridgehire-based subsidiary of Bowater Metallised Films and Papers (recently acquired by the U.S. Denizen Corporation), and Forth Textiles of South Wales. Mr Tony Broomfield, Camvac's managing director and an articulate campaigner for his industry, claims that although metallising has partly created its own markets, "it could eventually be a replacement for aluminium foil."

Much of the impetus for metallising comes from Imperial Chemical Industries, which supplies the bare polyester and polypropylene films.

"In the long term," said Mr Alasdair Gibbs at ICI's plastics and petrochemicals division, "metallising will take more and more of the packaging market, competing with aluminium foil both on technical and commercial grounds."

The aluminium foil industry's view was put by Mr Graeme Campbell, managing director of Alcan Foils UK.

Alignment system for wheels

A MECHANICAL wheel alignment system for commercial vehicles has been developed by TI Churchill of Daventry.

Called the 1950 system, the company says it is capable of being used on any surface and unlike most systems on the market requires no mirrors, electronics or power. The device can be used on wheels up to 22.5 inches in diameter.



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PRODUCT DESIGN

Why styling is only half the battle

Christopher Lorenz launches a column on corporate attempts to combine visual and functional design into a potent commercial weapon

SHEILA PICKLES and Alan Topalian were locked in mortal combat...

beside the Herculean task facing people like Robert Blach. Another top delegate at the designers' conference...

The designers at the conference were uncertain whether the same could be said of three famous companies...



Hugh Rutledge

Top management at Philips has gradually come to recognise that its excessive bias towards technology-driven strategies...

Dr Paolo Viti, Olivetti's director of design, admitted that other factors largely explained Olivetti's recent burst back into profitability...

With help from a consultancy, Michael Peters and Partners, Penhaligon's packaging, labelling, uniforms, carrier bags, direct mail shots and other promotional literature...

After a decade on the administrative side of films, opera, theatre and television, Sheila Pickles took over Penhaligon's in 1975...

burgundy house-colour, it has become one of the main attractions of Covent Garden...

grammes fail—they're smoking fiascos after 3 or 4 years, because of lack of corporate commitment and other problems...

One might put all this dissatisfaction down to the over-indicated ego of the typically self-important designer...

Pretty boxes

The exemplary strengths of the Japanese should help Blach in one of his first tasks, demonstrating down the line within Philips that industrial design extends far beyond its conventional meaning...

Blach came to Philips from Herman Miller, a medium-sized U.S. furniture and office systems company with a strong commitment to design...

Yet the designer should still be the corporate visionary pleaded Dobbin. "The intuitive process is the designer's key weapon."

The difficulty companies have harnessing the individual creativity of designers, without frustrating it, was amply demonstrated by the experience of a group of professional designers at the conference...

Two good years for advertising are forecast by the Advertising Association to its latest quarterly predictions. Advertising expenditure this year is estimated to rise by 14 per cent to £2,600 million...

ADVERTISING

Hotel guests—a sleeping target

When are visiting businessmen most susceptible to advertising? When they are stuck in their hotel rooms...

The operation is being sold with some gusto: "This is London" is as much a genuine guide to the capital's sights as a pointed commercial for advertisers...

An experiment carried out at the Fenta Hotel included a reference in the programme to minibars in the rooms, and sales through these rocketed...

Antony Thorncroft

In brief...



The Ford Cortina is actually stuck to the poster in London's Cromwell Road. It went up on Tuesday and should stay in place for four weeks if Araldite is the glue...

Advertisement for Parker pens, featuring 'Our pen, £1.74' and 'Your pen, £1.92'.

Advertisement for Export Finance, featuring 'Export Finance' and 'HYPOBANK'.

Advertisement for Bond Drawings, featuring 'AUSTRIAN ELECTRICITY' and 'U.S. \$15,000,000 6 1/2% Guaranteed Bonds 1986'.

Advertisement for Company Notices, Public Notices, and Art Galleries.

Advertisement for Changing Manufacturing Strategy in the West, featuring 'THE KEY TO BEATING JAPAN'.

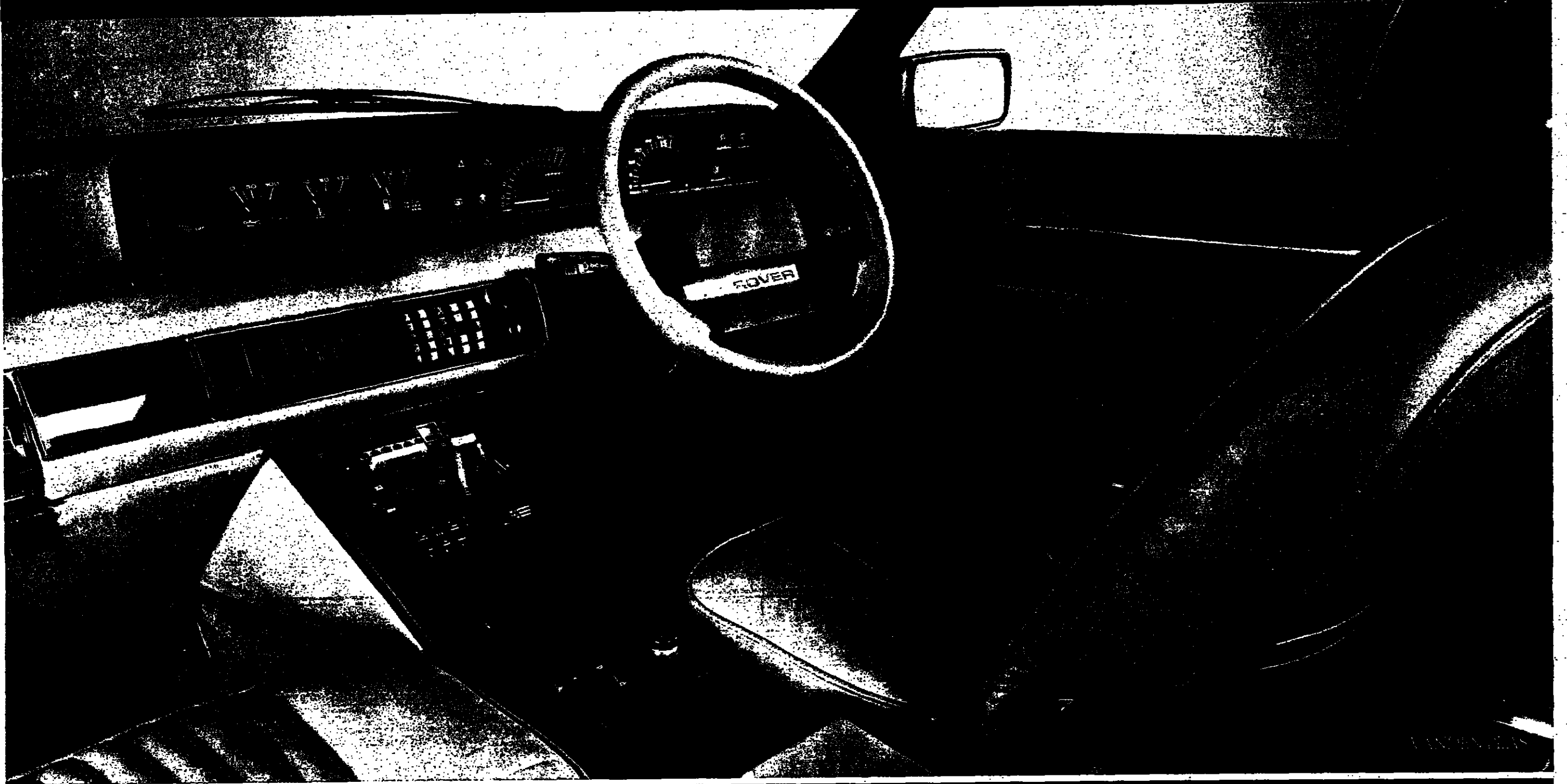
Advertisement for Rewards Plus, featuring 'PUT A PLUS INTO YOUR NEXT INCENTIVE SCHEME'.

Advertisement for Financial Times, featuring 'FINANCIAL TIMES' and 'PERSONAL'.

Advertisement for Building Society Rates, featuring 'BUILDING SOCIETY RATES'.

Advertisement for Clubs, featuring 'CLUBS' and 'THE GALSIGHT OF ST JAMES'S'.

EXPERIENCE THE PRESTIGE OF LEATHER, THE LUXURY OF WALNUT AND THE SENSATION OF POWER.



The Rover name stands for innovative design, performance, prestige, technological development and achievement. Qualities that have long made Rover a very special driving experience.

Never more so than now.

The new Rovers come to you with advances in styling, in handling, in running economy, in comfort and in finish. All Rovers are now painted by the world's most advanced and proven paint technology.

The sleek aerodynamics of the Rover body have been further advanced with flush-fitting restyled headlights, a new grille, wrap-round bumpers and a handsome front spoiler† for improved road-holding at high speeds.

At the rear of the car we've deepened the tailgate window for improved visibility, guaranteed even in poor weather by a new, programmed rear wash-wipe system. The re-designed Rover interior provides a totally new driving environment.

The re-styled low-profile instrument binnacle and centre console combine to give you fingertip controls and quick-to-read instrumentation.

And, as you sit back in supreme comfort, you'll appreciate that a traditional Rover luxury – walnut panelling – has made a welcome return.*

You'll also welcome the fact that we've revised the rear self-levelling suspension* and upgraded the braking system to bring you a more positive and

responsive driving experience.

Apart from the legendary performance of the Rover's light alloy 3528cc, V8 155 b.h.p. engine its renowned qualities of smoothness and refinement have reached new peaks.

We've also extended service intervals to 12 months or 12,000 miles (whichever comes first).

We've not only developed the cars, we've added to the range with a 104 m.p.h. twin carburettor five speed 2000 model.

Six new Rovers. From the ultimate luxury of Vanden Plas to the sprightly economy of two litres.

Ask your dealer for a test drive. And enjoy the advanced driving experience.

ROVER  **ADVANCING THE DRIVING EXPERIENCE**

OFFICIAL D.O.T. FIGURES. ROVER 2000 MANUAL, SIMULATED URBAN CYCLE 23.9 MPG (11.8 L/100 KM), CONSTANT 56 MPH, 42.6 MPG (6.6 L/100 KM), CONSTANT 75 MPH 32.7 MPG (8.6 L/100 KM). ROVER 2000 AUTO, SIMULATED URBAN CYCLE 24.7 MPG (11.4 L/100 KM), CONSTANT 56 MPH 36.2 MPG (7.8 L/100 KM), CONSTANT 75 MPH 27.6 MPG (10.2 L/100 KM). ROVER 2000 MANUAL £7451. BASED ON MANUFACTURER'S RECOMMENDED RETAIL PRICE, INCLUDES SEAT BELTS, CAR TAX AND VAT (NUMBER PLATES, ROAD TAX, DELIVERY, AUTOMATIC TRANSMISSION AND METALLIC PAINT EXTRA FOR FLEET SALES INFORMATION RING 021-779 4484. †EXCEPT 2000, 2300. *STANDARD ON 2600S, 3500SE, VANDEN PLAS.

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 1.00 pm News After Noon. 1.30 Chock-a-Block. 2.00-2.12 You and Me. 2.53 Regional News for England (except London). 3.55 4.40 The Littlest Hobo. 5.08-5.17 Play School. 4.20 Drak Pack. 4.40 The Littlest Hobo. 5.05 John Craven's Newsround. 5.10 Blue Peter. 5.40 News. 5.60 Regional News Magazines. 6.25 Nationwide. 6.50 Tomorrow's World. 7.15 Top of the Pops. 7.45 It Ain't Half Hot Mum starring Windsor Davies and Melvyn Hayes. 8.15 Masternight International from New Zealand. 8.30 News. 8.35 Oppenheimer starring Sam Waterston: Oppenheimer is engaged in the race against Germany to produce an atomic bomb. 10.25 Question Time with Ludovic Kennedy. 11.28 News Headlines. 11.30 Fame: The last of four programmes with John Fitterman.

TELEVISION

Chris Dunkley: Tonight's Choice

When the recent Beaconsfield by-election result was finally announced in the early hours of the morning and it promptly became clear that the Labour candidate had not only trailed in third, behind the Alliance, but had even lost his deposit, Peter Shore in the Newsnight studio made no bones about it. "It isn't good enough," he said. The only times when politicians on television are as honest as that about the performance about their own parties is on by-election programmes which run late, exhausting everything else to be said. "This makes them far more interesting than the result alone ever could, and it is why I shall be watching Newsnight on BBC-2 again tonight when David Dimbleby presents the programme on the Mitcham and Morden by-election. Earlier Travellers in Time (also BBC-2) shows a 1922 film shot by three Americans, the first foreigners ever to make the trek to the summer pastures with the Bakhtiari tribesmen of Persia. In Masternight International on BBC-1, coming from New Zealand, the UK is represented by Leslie Grant, presumably because he won this year's home contest. But since he then lost to Sir David Hunt in the champion-of-champions anniversary programme his presence seems a little odd.

BBC 2

6.40-7.55 am Open University. 11.00-11.25 Play School. 5.10 pm Adolf Loos. 7.35 News Summary. 7.40 Travellers in Time. 8.10 Human Brain. 9.00 Call My Bluff. 9.30 Brass Tacks Reports. 10.10 The Old Grey Whistle Test. 10.45-1.00 am Newsnight including By-Election Special.

LONDON

9.30 am World Famous Fairy Tales. 9.45 The World We Live In. 10.10 It's a Brand New World. 11.00 The Master Builders. 11.25 Point Along With Nancy. 11.55 The Bubbles. 12.00 Gammon and Spinach. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Crown Court. 2.00 After Noon Plus introduced by Judith Chalmers. 2.25 Racing from Enson—the 2.35, 3.10 and 3.40. 3.50 Survival. 4.20 Cartoon Time. 4.45 International Football Special: England v Finland at Helsinki. 6.50 News. 7.05 Thames News. 7.35 Never the Twain starring Donald Sinden and Windsor Davies. 8.00 Falcon Crest starring Jane Wyman. 9.00 Shelley. 9.30 TV Eye. 10.00 News. 10.45 Hill Street Blues. 11.15 Ladies' Man. 12.15 am What the Papers Say. 12.30 Close: Sit Up and Listen with Robin Knox-Johnston. † Indicates programme in black and white.

BUSINESS LAW

Privilege for EEC lawyers

BY A. H. HERMANN, Legal Correspondent

MAY 18 deserves to be marked with red letters in the diaries of EEC competition lawyers in private practice. A judgment, handed down by the European Court on that day, will go a long way to create for them a useful monopoly and to eliminate the competition of in-house lawyers and of American and any other non-EEC lawyers active in this lucrative branch of law. The unexpected bonanza came in the form of a restrictive pronouncement by the court on what is referred to as "legal privilege," namely the confidential status accorded in most countries to communications between a lawyer and his client.

The judgment substantially allowed an appeal brought by Australian Mining & Smelting (Europe) (AM & S), a subsidiary of the Rio-Tinto Zinc Corporation, against the Commission's decision No. 79/780/EEC of July 6, 1979. The Commission's inspectors visited the offices of AM & S with an authorisation to investigate an alleged price and market-sharing cartel between a number of zinc-producing and trading companies. The inspectors took away some 35 documents, but were refused others for which legal privilege was claimed. AM & S suggested that the Commission should get in touch with the company's solicitors should it need further confirmation that the documents were privileged.

Community law because it was, in one form or another, respected in all member states? The second concerned procedure—who should determine whether a particular document falls under this privilege? AM & S, the UK and CCBLS argued that legal privilege was part of Community law because it was practised in member states and because it was essential for safeguarding the rights of defence. It was also part of human rights which the Community must respect. On a more utilitarian level, it was argued that it was in the interests of the Community that companies should receive guidance from their lawyers, enabling them to keep within its rules and regulations, and that the resulting advantage to Community law far outweighed any disadvantage which any individual investigations might suffer.

A judgment which might well reduce the employment of in-house and non-EEC lawyers in competition matters

The AM & S case became a cause célèbre even before it had properly begun. The Consultative Committee of the Bars and Law Societies of the European Community (CCBSL), the UK and France, asked to be allowed to intervene in the proceedings, and their applications were granted. The issues at stake were not world-shattering, but could well put many a lawyer out of business: who would want to consult a competition lawyer if the questions asked and answers given could be used by the enforcement authorities as evidence that he was up to something which might infringe competition?

It did so in the present case and found that a part of the documents deserved to be privileged. It voided to that extent the decision. As a part of the documents was not so absolved, AM & S and the interveners would have to pay their costs. This does not seem right as the dispute was really about the principle and whether the Commission's inspectors must have the last word. The Commission lost on both those counts and should have been made to pay the costs. * Case 155/79. A. M. & S. Europe v. EEC Commission May 18 1982, unreported.

All IBA Regions as London except at the following times:—

ANGLIA

8.30 am Sesame Street. 10.30 Soread Your Wings. 10.50 Stingray. 11.25 The Flying Kite. 11.50 Watco. Watco. 1.20 pm Anglia News. 2.00 Not For Women Only. 3.50 Never the Twain. 4.20 Fangle. 7.05 About Anglia. 7.30 Survival. 10.45 Snooker '82. 11.45 Lou Grant. 12.40 am The Nuclear Challenge.

CENTRAL

9.30 am Somewhere in Hackney. 10.20 Patterns. 10.45 The Making of a Crew. 11.15 James Galtway. 11.25 Fangle. 12.30 pm The Young Doctors. 1.20 Central News. 3.50 Never the Twain. 4.20 Sport Brief. 7.05 Central News. 7.30 Emmerdale Farm. 10.45 Venture. 11.15 Central News. 11.20 Starring Richard Burton: "Hammerstein is Out."

GRAMPIAN

9.40 am First Things. 9.45 Targit the Impossible. 10.10 Gift of Earth—Fiji. 10.35 Poetry of Landscape. 10.50 It's a Musical World. 11.35 Our Incredible World. 1.20 pm North News. 3.50 Never the Twain. 4.20 Kum Kum.

Cartoon. 4.40 Little House on the Prairie. 5.35 Happy Days. 6.00 North Tonight. 6.35 Police News. 6.40 Cartoon Time. 7.05 From Benjamin. 7.35 Survival. 10.45 Cover to Cover. 11.15 Best of Bizare. 11.45 Search Lethan. 12.15 am North Headlines.

GRANADA

9.30 am The Land. 9.50 Stingray. 10.10 am Fun. 10.35 Bailey's Bird. 11.00 Sesame Street. 1.20 pm Granada Reports. 1.30 Exchange Fleece. 1.55 Crown Court. 3.50 Never the Twain. 4.20 Spiderman. 7.05 Granada Report. 7.30 Emmerdale Farm. 10.45 Vega. 11.45 What the Papers Say. 12.00 Late Night From Two.

HTV

9.40 am Kum Kum. 10.00 Bugs Bunny. 10.10 Our Incredible World. 10.25 Stingray. 11.00 Sesame Street. 1.20 pm HTV News. 3.50 Never the Twain. 4.20 Here's Boomer. 7.05 HTV News. 7.30 Emmerdale Farm. 8.00 Falcon Crest. 10.45 HTV News. 10.45 The Royal Bank and West Special. 11.15 Lou Grant. 11.45 HTV News/What's Hot HTV West. 12.00-12.10 pm Mistor Cia. 3.45 Never the Twain. 4.15-4.45 Murphy's Mob. 7.05 Emmerdale Farm. 7.25 Y Dydd. 7.45-8.00 Report Wales.

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee. 2.00 pm Paul Burnett. 4.30 Peter Powell. 7.00 Walters Weekly. 8.00 David Jensen. 10.00-12.00 John Peel (S). VHF Radios 1 and 2—5.00 am With Radio 2. 5.00 pm David Hamilton (S). 5.45 News. 6.00 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.40 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S) including Racing from Epsom. 4.00 David Hamilton (S). 5.00 International Soccer Special: Finland v England. 7.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Concert: Tchaikovsky (S). 10.00 Violin and Piano recital (S). 10.35 English Songs (S). 11.10 Royal Liverpool Philharmonic Orchestra (S). 1.00 pm News. 1.05 The Manchester Summer Recital (S). 2.00 Schubert piano recital (S). 2.40 "Athalia."

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.43 Reading. 8.57 Weather. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 As It Happens. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 The Fibre Story. 11.48 Encore Within. 12.00 News. 12.02 pm

Cartoon. 4.40 Little House on the Prairie. 5.35 Happy Days. 6.00 North Tonight. 6.35 Police News. 6.40 Cartoon Time. 7.05 From Benjamin. 7.35 Survival. 10.45 Cover to Cover. 11.15 Best of Bizare. 11.45 Search Lethan. 12.15 am North Headlines.

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RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.40 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S) including Racing from Epsom. 4.00 David Hamilton (S). 5.00 International Soccer Special: Finland v England. 7.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S).

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RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.43 Reading. 8.57 Weather. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 As It Happens. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 The Fibre Story. 11.48 Encore Within. 12.00 News. 12.02 pm

Cartoon. 4.40 Little House on the Prairie. 5.35 Happy Days. 6.00 North Tonight. 6.35 Police News. 6.40 Cartoon Time. 7.05 From Benjamin. 7.35 Survival. 10.45 Cover to Cover. 11.15 Best of Bizare. 11.45 Search Lethan. 12.15 am North Headlines.

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RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.40 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S) including Racing from Epsom. 4.00 David Hamilton (S). 5.00 International Soccer Special: Finland v England. 7.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S).

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RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.40 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S) including Racing from Epsom. 4.00 David Hamilton (S). 5.00 International Soccer Special: Finland v England. 7.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S).

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5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee. 2.00 pm Paul Burnett. 4.30 Peter Powell. 7.00 Walters Weekly. 8.00 David Jensen. 10.00-12.00 John Peel (S). VHF Radios 1 and 2—5.00 am With Radio 2. 5.00 pm David Hamilton (S). 5.45 News. 6.00 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.40 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S) including Racing from Epsom. 4.00 David Hamilton (S). 5.00 International Soccer Special: Finland v England. 7.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Concert: Tchaikovsky (S). 10.00 Violin and Piano recital (S). 10.35 English Songs (S). 11.10 Royal Liverpool Philharmonic Orchestra (S). 1.00 pm News. 1.05 The Manchester Summer Recital (S). 2.00 Schubert piano recital (S). 2.40 "Athalia."

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.43 Reading. 8.57 Weather. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 As It Happens. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 The Fibre Story. 11.48 Encore Within. 12.00 News. 12.02 pm

Management Accountant to join one of the world's most outstanding & prestigious research centres c.£10,000 p.a. Northamptonshire Plessey Research (Caswell) Limited is an autonomous Company within the Plessey organisation and fulfills the key role as the Group's Corporate research facility. Our R & D covers multiple aspects of microelectronics for which we have earned a good reputation internationally. We wish to appoint a qualified Accountant (ACA, ACMA, ACCA) whose prime responsibility will be to control the reporting of the trading function of the business. This will involve working closely with Technical Managers to maximise the benefits of accounting procedures. Ideally applicants will be within the age range 24-30 years and have had some experience of government accounting procedures. In addition to salary we offer an attractive range of benefits including BUPA, pension and generous assistance with relocation costs. For an informal discussion please telephone Bob Ashford, Resourcing Manager on (0327) 50581 ext. 4

Accountancy Appointments

Group Finance Director

London/Northern Home Counties

c.£30,000

For a medium sized public company engaged in the distribution of components to a broad spectrum of customers. The group is financially sound with a successful history and objectives include further growth through acquisition and organic development.

The appointee will join the main board with complete responsibility for the financial and accounting functions, and will be expected to contribute to the commercial management and success of the business.

Candidates must be qualified accountants with proven success at senior management level in a distribution or manufacturing environment.

Remuneration is negotiable with the usual benefits, including relocation expenses if necessary.

Please write in confidence, quoting reference 2208/L, to N. Halsey, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.



Peat, Marwick, Mitchell & Co.
Executive Selection Division

FINANCIAL ACCOUNTANT

Fisher Controls Ltd is part of a new generation of truly international companies, operating and organised on a worldwide basis.

To support the Finance Director in the progressive integration of our existing UK financial structure with that of the rest of our European, Middle East and African bases, we require an experienced Financial Accountant who can bring to bear a crucial range of specialist abilities.

You will be spearheading the introduction of a five accounting facility, IAS/3000, throughout the UK - part of a financial net embracing our locations in France, Germany, Italy, Spain, Switzerland, Austria and the Netherlands.

Obviously you must be a fully qualified Financial Accountant, male or female, with at least 5 years industrial experience and an in-depth knowledge of U.S. and EEC financial reporting requirements. Fluency in one of the main European Community languages is paramount and a working knowledge of others desirable.

For further information write enclosing full personal and career details to:

Ray Williams
Personnel Director
FISHER CONTROLS LTD.
Canary Works
Corington Road, Lewisham, SE13

Career move from practice... High visibility operational audit role... Substantial international group... Definite prospects into line management...

GROUP AUDIT MANAGER

London

c.£16,000 p.a.
plus car & benefits

This appointment, resulting from promotion of the present holder into senior line management, is with a notably successful and well-known British engineering, construction and manufacturing group turning over in excess of £600 million. Through its subsidiaries, the group offers respected design and build capability, and a broad spectrum of technologies to all significant areas of industry. The group has a very strong international presence.

Based at London head office, a broad and challenging role is envisaged. This will encompass full responsibility for the direction and control of the U.K. audit function as well as active involvement in high-level operational audits of subsidiary companies on an international basis. The Group Audit Manager will report to a Main Board Director, and, through exposure at senior management level, have the opportunity to influence the achievement of corporate goals.

Applications are invited from qualified accountants (m/f), aged in their very late 20's or 30's with a background of achievement and success in a major international practice. In addition, a relevant university degree (engineering, science or similar) coupled with well-developed interpersonal and communications skills are qualities our client seeks. Career development prospects are excellent.

Written applications containing relevant career details should be forwarded, in confidence, to Anthony J. Forsyth, B.Sc. at our London address, quoting reference number 3675.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management
Recruitment Consultants



Touche Ross & Co., Management Consultants

seek Accountants and Business Graduates

London and Manchester

up to £17,500+car

We are an expanding consultancy practice whose clients, both in the U.K. and overseas, include businesses of all sizes, governments and other public sector organisations. The work will include analysing clients' problems, advising them on strategic planning and organisational matters and helping them to improve their operating, management information and control systems. In addition to U.K. work, our consultants have

opportunities to participate in projects overseas, for which generous supplements are paid. Applicants should be aged between 28 and 35, have a degree, an accountancy qualification or an MBA and at least five years' business experience.

Please send a comprehensive career résumé, including salary history and daytime telephone number, quoting ref. 2057, to G. J. Perkins.

Touche Ross & Co., Management Consultants
Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.
A member of the Management Consultants Association

Financial Director (Designate)

Lincolnshire Salary Negotiable

Our client is one of the largest poultry processors in the U.K. with an annual turnover in excess of £50m. The Group has achieved significant growth within the last few years and plans for this growth to continue through the 1980's.

The Financial Director (Designate) will report to the Chairman and be responsible for all financial and accounting matters with special emphasis on financial planning, budgetary control and the development of computerised systems.

Candidates, male or female, should be qualified accountants with a high degree of self motivation and initiative plus the ability to make a significant contribution towards the continued success of the Group. The likely age range is 35 to 45.

A generous remuneration package is negotiable and includes a company car. The Group would contribute towards removal expenses.

Please write, in confidence, giving concise career and personal details and quoting reference MCS/1960 to: C.A. Downes, Executive Selection Division, Victoria House, 76 Milton Street, Nottingham NG1 3QZ.



ACCOUNTANCY APPOINTMENTS

APPEAR EVERY THURSDAY

DIRECTOR OF FINANCE

The Port of Dover is one of the most successful ports in the United Kingdom, the largest in terms of value of trade, and one of the most important in the world for passenger and vehicular traffic. It is administered by the Dover Harbour Board, a Public Trust, employing nearly 4,000 staff, with an annual operating revenue expected to exceed £20 million in 1982. The Board is currently undertaking a major programme of capital expenditure.

Applications are invited for the above position, arising from the resignation of the present Director, from graduates (any discipline) who are also professionally qualified accountants.

Candidates, under 50 years of age, must have had previous experience of financial control within a large and successful commercial, industrial or public body at or immediately below board level. Previous port or shipping experience, while useful, is not essential.

Reporting directly to the Board's General Manager and Registrar, and his deputy, the Director of Finance is responsible for the efficient operation of the following divisions - Accounts, Budgetary Control, Computer Services and Planning Services. The duties will include the operation of effective systems of control over all the Board's financial affairs, the provision of management information, the monitoring of budgets and cash-flow, and the management of the corporate planning and management services functions.

The salary for the position will be in the range £15,700 to £18,000 per annum (to be reviewed on 1st July, 1982) with additional benefits including company car, non-contributory pension and life assurance scheme, sick pay scheme and annual bonus.

Further details may be obtained from The General Manager and Registrar, to whom applications (enclosing full curriculum vitae) should also be addressed in order to arrive by 21st June, 1982.



Dover Harbour Board

ASSISTANT FINANCIAL ACCOUNTANT

Salary c. £10,000 depending upon experience

We require a qualified (ICMA/ACCA/ACA) or finalist with 2-3 years general accounting experience, ideally aged 22-25, who wishes to actively pursue a career in Accountancy. The ability to communicate well with people of all ages and levels and to obtain information from non-accounts staff is essential.

You will provide regular accounting services such as the preparation of Annual Company and Group Statutory Accounts and Board papers, and provide expert advice on such subjects as cash forecasting and taxation.

Generous benefits include 5 weeks holiday plus bonus, contributory pension and life assurance scheme, canteen facilities and sports and social club.

Please apply to:

Personnel Department,
BRADBURY, WILKINSON AND CO. LTD.,
285 Burlington Road, New Malden,
Surrey KT3 4NH
Tel: 01-947 3271



FINANCIAL CONTROLLER

Kent Coast

£15,000 + car

Filling the key role in financial control and in the development of computerised systems and business procedures, the Controller will structure, train and manage a division of 30 staff. Responsible for both financial and management information and its analysis, he or she will have additional responsibility for treasury and for certain commercial functions. The Controller will work closely with the Financial Director on the financial and commercial aspects of business development including possible acquisitions in the UK and overseas.

An export orientated public engineering company with a turnover in excess of £20 million, our client is taking advantage of increasing demand for its products and is poised for major international expansion. Applicants, aged 28-35, should be qualified accountants with an industrial background. Experience in both line management and computer systems is essential. Please write to David Hogg FCA quoting reference I/2132 enclosing a career history, including salary progression and a daytime telephone number.

EMA Management Personnel Ltd.
Hollon House, 20/23 Hollon, London EC1N 2JD
Telephone: 01-242 7773 (24 hour).

FINANCIAL CONTROLLER

c. £15,000

The National Water Council was established by the Water Act 1973 as the central co-ordinating and policy making body of the Water Industry in England and Wales. Although the Council's primary role is non executive, it provides certain common services for the 10 Water Authorities.

An experienced, professional Accountant is required to integrate and develop a variety of accounting and financial operations at the Council's established office in Sheffield which is extending its activities.

The responsibilities of this new post will be wide ranging with particular emphasis on the provision of sound management accounting and financial advice services to spending units; some travel to other offices will be required. Experience of managing the introduction of computerised systems in the financial area is essential.

We offer good conditions of service in a demanding but congenial environment; full information about the post is available from:

J. C. Richards, IPFA, FPML,
National Water Council,
St. Peter's House,
Hartshead, Sheffield S1 1EU.
Tel: 0742 737331

to whom written applications should be made by the 21st June, 1982.



FINANCIAL DIRECTOR

SE England

c. £17,000 + Car

Our client is a substantial and expanding manufacturing company with a number of UK locations.

The requirement is for an exceptionally able and energetic Finance Director aged 30-45 to take responsibility for all administration, planning, financial provision and control and systems.

The ideal candidate will currently hold a senior position in a company operating strict financial controls within a strong manufacturing and marketing environment and will be commercially aware as well as having good communication and motivation skills.

Please reply in confidence with full career details to M J Hudson,

Hudson Shribman International
College Hill Chambers, 23 College Hill, EC4 01-248 7851

GROUP FINANCIAL CONTROLLER

East Midlands

neg from £15,000

Our client has diverse interests in a variety of business and financial investments at home and overseas. Turnover is approximately £20m and there are over 500 employees. The Board now wishes to appoint a Group Financial Controller & Company Secretary, reporting to the Chairman, to coordinate the financial and accounting systems and to advise the Board on financial matters.

The successful candidate will be an energetic, mature and forceful chartered accountant with a commercial background at senior management level, coupled with exposure to computerised accounting systems. He or she will be resolute and resilient, with excellent analytical and communication skills. Considerable travel will be necessary. Age indicator: 35-45.

Salary negotiable from £15K. Other benefits: car, pension scheme, life assurance. Relocation assistance available.

Initial interviews will take place at Windsor and in the Midlands.

For further details and an application form please telephone Linda Shand, Recruitment Secretary, on Windsor (07535) 67175 (24 hrs) quoting ref DM/411.

Accountancy Appointments

Group financial director

W London area, £30,000 neg



For a £150m sales quoted UK group, divisionally organised, with substantial overseas interests. A well balanced mix of advanced technology products and services and geographical spread has provided consistent profits growth over the past 4 years.

Reporting to the MD you will direct the group financial function supported by a small HQ staff. You will play a major role in assisting the Chairman and the board in developing long term strategies.

Substantial experience in an international industrial group is essential.

Resumes including a daytime telephone number to E J Robins, Executive Selection Division, Ref. R082.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House Noble Street
London EC2V 7DQ

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Chief Internal Auditor

Papua New Guinea, c.£18,000

For a major subsidiary of an Australian multinational group with diversified interests including merchandising and distribution, manufacturing, automotive, shipping and transport totalling several thousand employees. The Chief Internal Auditor, whose primary function is the supervision of an independent appraisal activity will conduct financial, operational and EDP reviews throughout the subsidiary's trading operations as a basis for services to management by measuring and evaluating the effectiveness of its financial, managerial and other controls. Qualified accountants, aged 30-35, must have had several years' financial, operational and EDP auditing experience at supervisory or departmental control level in a large industrial organisation or major professional practice, preferably with international operations. The above remuneration package consists of a basic salary plus bonus and benefits include subsidised housing, annual leave fares, educational allowances etc.

B.F. Hoggett, Ref: 10305/FT. Candidates should write or telex FULL career details to date to: Minerva House, East Parade, LEEDS, LS1 5RX. 0532-448661. Telex: 55293 Chacom G4HB.

Financial Controller

c.£16,000 + car

Our client is a medium sized engineering company with a strong marketing influence and leading branded products.

They wish to appoint a financial controller who must be an effective manager with the ability to ensure the regular production of dependable management information. Experience of integrated management information systems in a manufacturing environment and sound costing knowledge are essential requirements. Up to date exposure to computerised manufacturing and accounting systems is important. The present status of the Company, its markets and likely new ventures should be a stimulant to the most able of finance executives. The location is a very attractive part of Southern England. Applicants should hold a recognised accounting qualification and preferably be aged 30-35.

Please apply (men and women) in confidence quoting reference 6090 to

Brian Mason
Mason & Nurse Associates
North West House
119-127 Marylebone Road
London NW1 5PU
Offices in London & Birmingham

Mason & Nurse
Selection & Search

ACCOUNTANCY APPOINTMENTS

RATE £29.00

Per Single Column Centimetre

TAX PARTNER DESIGNATE LANCASHIRE

A.C.A. 30+

NEGOTIABLE c.£18,000

Our client, a medium sized firm of chartered accountants with offices throughout the United Kingdom, is seeking to recruit a Tax Partner to service the firm's Lancashire practice. Candidates should be aged from 30, be qualified chartered accountants and have some years' post-qualified experience at manager level in corporate tax with a good working knowledge of personal tax.

Clients range from small family businesses, partnerships through to a number of publicly quoted groups. Prospects exist to early salaried partnership and full equity partnership in the medium term.

For more information please telephone, or write with a c.v. to George Ormrod B.A. (Oxon) at our London office quoting reference 3671.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LLAMBIA
Douglas Lambias Associates Limited
Accountancy & Management
Recruitment Consultants



SENIOR ADMINISTRATION ASSISTANT / ASSISTANT COMPANY SECRETARY DESIGNATE

Bankers Trust International Limited, the UK wholly owned subsidiary of Bankers Trust Company, New York, is searching for a self-motivated person who will become a member of a team engaged principally in financial control and reporting, computerisation and secretarial duties. The duties of the successful candidate, who will report initially to the Company Secretary and the Controller, will be within the financial and secretarial areas. Salary is negotiable circa £12,000 and a fringe benefit package appropriate to a major financial institution is also offered.

Candidates probably aged between 28 and 33 will:

- be in the final stage for the completion of the examinations of one of the major accounting qualifications or be newly qualified;
- have work experience gained in a professional practice and/or a banking environment.

Encouragement will be given for the completion of examinations where appropriate. In the first instance please write giving reasons why you may be suitable for the position offered.

Communications should be addressed to the Company Secretary, Bankers Trust International Limited, Dashwood House, 69 Old Broad Street, London EC2P 2EE.

FINANCE CONTROLLER - MANUFACTURING

c.£16,000 + bonus + car

Our client is a U.K. subsidiary (T/O £50m) of a major U.S. group. Engaged in the manufacture and distribution of fast moving consumer products, it is a brand leader in its field.

The company is moving into a period of exciting change and seeks a top flight A.C.M.A. (age 25-34) to play a key role at its major location. The successful candidate will clearly demonstrate ability and achievement in the following-

- Manufacturing/cost accounting
- Computer systems development
- Motivation and leadership
- Financial analysis and reporting

Relocation assistance will be given to an attractive location on the Hampshire coast. Interested applicants should submit full career details quoting ref. 830 to Philip Cartwright A.C.M.A., at 31 Southampton Row, London WC1B 5HY. Telephone 01-405 0442.



Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester

Chief Accountant

Birmingham Substantial salary + car

Newey & Eyre Ltd., a Thomas Tilling company, is the undisputed leader in Electrical distribution in the U.K. Progressive, very expansive, we have well over £200 million turnover and almost 100 branches nationwide. The appointment of Chief Accountant follows internal promotion and is a very senior role. Reporting to the Financial Controller, it carries overall responsibility for the company's accounting functions and involves leading a sizeable team of experienced departmental managers controlling over 200 staff.

Candidates should therefore be Chartered/Certified Accountants, aged 30-40, self motivating with at least 3 years' experience - outside the profession - of man-management, and running a large accounts department, within a commercial environment.

It is unlikely that anyone earning less than £12,000 p.a. will have sufficient weight and experience. Other rewards include a prestigious car, BUPA and appropriate relocation expenses if necessary.

Write giving comprehensive details of your c.v., please, to J.W. Exton, Group Personnel Manager, Newey & Eyre Group Ltd., Donne House, Calthorpe Road, Edgbaston, Birmingham.

NEWHEY & EYRE LTD
a member of Newey & Eyre Group
International Industrial Distributors



Financial controller

North West, £12,000 - £15,000 + car



For a newly formed finance house with a largely captive market and part of a major US group.

Reporting to the Managing Director you will be responsible for the entire financial function and will also act as Company Secretary. Your immediate task will be to assist the Managing Director, DP Manager and other key executives in getting the company operational as quickly as possible and in establishing all necessary financial controls and reporting procedures.

You must be an adaptable qualified accountant with at least 3 years' post-qualifying experience in commerce or the financial sector in a company making extensive use of DP facilities.

This is an excellent opportunity to get in on the ground floor in a company with ambitious plans and strong financial backing.

Resumes, which will be acknowledged and forwarded to our client unless a covering letter gives contrary instructions, to E J Robins, Executive Selection Division, Ref. R087.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants
St James's House Charlotte Street
Manchester M1 4DZ

U.S. Accounting

C. London c. £11,500

The Headquarters of a world-wide high technology group, our client now seeks a further qualified accountant for the corporate accounting area. You will form part of a team responsible for the control and analysis of operating company results; you will also be particularly involved in legal consolidations and currency reporting to the American parent company. The company utilises sophisticated computerised systems and mini/micro computers for processing and analytical purposes.

Ideally aged 25/30, you will be a qualified accountant and probably a graduate. You should have up to 2 years' post qualifying experience, with exposure to corporate accounting or US statutory reporting requirements. Ambition and management potential will be well rewarded in this progressive group where promotion prospects are excellent.

Please telephone or write to Rebecca Goddard quoting ref: RG 6091.



Lloyd Chapman Associates

125, New Bond Street, London W1Y 0HR 01-499 7761

FINANCIAL CONTROLLER

We are a small dynamic and expanding plc with financial and industrial interests who seek a qualified person keen to make a positive contribution within a slim dedicated HQ team.

Responsible to the Chairman and Chief Executive, the position calls for strong emphasis on finance/management accounting, cash flow and controls, and will include secretarial matters. Business experience is essential.

Applicants, ideally in their 30s, should be within 1/2 hour travel of West End. Remuneration negotiable.

Apply with full details, in confidence, to

Box A.7873, Financial Times
10 Cannon Street, London EC4P 4BY

AMSTERDAM LONDON

neg. c.£13000 - £15000

TWO young ACA/CA's or equivalent, age c. 23-30 are required by major U.S. multinational for positions based in both Amsterdam and London involving in excess of 50% European travel.

Those recruited will have good professional backgrounds and possess the drive, ambition and personality which equates with success.

A good to fluent second European language, preferably French or German, is desirable and career prospects are excellent.

In the first instance please telephone the company's adviser (and send your CV to):-

GEORGE D. MAXWELL
95, Charibert Court,
London NW8 7DA.

Telephone: 01-722 8093 (24 hours)

JOBS COLUMN

Confessions of candidates from the campus

BY MICHAEL DIXON

EMPLOYERS who advertise for real people, but for bundles of abstractions such as "imaginative profit-oriented approach with intelligence and drive," seem finally to have met their match.

Here is a self-description written on a job-application form by one of this year's impending university-leavers.

"I am particularly good at organising, possess a dynamic, but practical and conscientious approach to life and work and always strive for perfection. As a result of higher education I have gained an intellectual and social maturity, a trained and disciplined mind and learned to apply my knowledge and ability to their best advantage. Living with fellow graduates has helped me better understand the individualism of people, endowed me with patience and diplomacy and the ability to quickly assess people's needs and wishes."

"On balance, I feel, any human recruiter would be less likely to offer that candidate a job if the claim turned out to be true than if it were merely a delusion or—as I hope is the case—satirical.

But Martin Higham of Rowntree, who cites the student's reply in the latest newsletter of the Standing Conference of Employers of Graduates, also supplies three quotations from job-applicants who strayed too far in the opposite direction.

They range from the priggish: "I prefer to keep my interests private. Hobbies—I have none." through the bewildered:

"I am available for unemployment, but unable to find any at the moment."

"I had to have an operation to correct a double hernia in early September and I am still recovering from this. If I do not find employment in the near future I will probably enter hospital again to have two wisdom teeth removed."

Fortunately, Mr Higham reports, recruiters interviewing at the campuses this year were compensated by the occasional inspired performance. The prize should probably go to the student who, on being asked what he did in his spare time, opened his briefcase, produced a bottle and two goblets and answered: "Home-made wine. Would you care for a glass?"

Hunter

HEADHUNTERS Korn/Ferry International are in the market on their own behalf for someone to join as a director of the group's London company. It already has senior executive-searchers specialising in oil and energy, electrical and electronic engineering, and computers, and another specialist in financial services is on the way in.

The idea is that the director now being sought will bring in thorough knowledge of and contacts in another broad industrial field and so increase Korn/Ferry's range of specialisations. But nobody is yet sure what the new field might best be.

Fast-moving consumer goods is one possibility that occurs to Sir John Treawny, the London company's deputy managing director. Consumer durables is another. If the candidates come up with other, brighter ideas, then so much the better. The only condition is that whatever the new specialisation may be, it must offer scope for recruitment of executives on an international scale.

Because of this Sir John wants applicants to have experience of general management in a multinational operation within the field they propose to cover as a headhunter. They should also have been successful in selling, and those with experience of search consulting would have a distinct advantage.

Success in the job would earn fairly quickly the opportunity to take shares in the U.S.-based Korn/Ferry International group and rise to vice-president status—or, as the London office prefers to say, become a partner. The indicator for basic salary is up to £30,000. There will also be a bonus related to results. The other benefits include a car. Inquiries to Sir John at 24

King Street, St James's, London SW1Y 6QL; telephone 01-830 5524, telex 914850.

Consultancy

THE NEXT opening is for someone able and willing to market the expert services of a London-based consultancy specialising in strategic advice to organisations in the telecommunications field. The job is being offered by recruiter Geoffrey King who may not name the employer. So as always in this column when a headhunter keeps mum about the client, he promises to abide by applicants' requests not to be named to the employer without further notice.

"Knowing how to market a consultancy is a very different thing from marketing a product," he says. "This particular one isn't big in terms of people, but it's already established itself and now needs to expand by making its skills, especially in market and product-mix strategy, known to top management in all kinds of telecommunications organisations, public sector as well as private."

His idea of the best background for candidates is work on the manufacturing side which has resulted in a high level of technical knowledge and also a broad understanding of the industry, followed by telecommunications consultancy which has included generating new business.

Impressive academic credentials would help and Mr King thinks—in my view superficially—that because the rest of the company is on the young side, the recruit should be aged around 35.

Salary up to £25,000. Perks negotiable. Inquiries to Cambridge Recruitment Consultants, 1a Rose Crescent, Cambridge CB2 3LL; tel. 0223 311316.

Motors

BOB PEARCE of REP Consultants is seeking a regional director in the Midlands for the vehicle-sales division of a British group, who will be expected to earn the divisional chief's job within a couple of years.

The region covers eight large retailing outlets, dealing mainly in cars, and a total of roughly 700 employees. Candidates must have made profits in a similar business, managing at least half a dozen motor-retailing sites of considerable size. The preferred age range is 32 to 45.

Mr Pearce says that no firm figure has been set for the salary, but by estimate would be a minimum of £20,000. The other benefits will include a company car.

"As I see it," he adds, "the sort of person we're looking for will be more concerned with the promotion prospects of the job

than with the immediate financial rewards."

Inquiries to him at 14 Barker Street, Nantwich, Cheshire CW5 5SY; Tel: 0270 626828.

Lawyers

FINALLY to the Arabian Gulf where three jobs for solicitors or barristers with experience in commercial and company law are being offered by Christopher Ley-Wilson of Philip Egerton and Associates.

Two are wanted in the United Arab Emirates, each working for a leading bank. One of them will deal with all the legal aspects of international syndicated lending, of which a large proportion is apparently related to Government. The other will be more concerned with commercial and industrial borrowers.

The third post is with a large legal practice in Kuwait, and the responsibilities are of a broad commercial kind.

Salaries are not quoted, but my guess is £25,000 upwards, tax-free, with the usual range of expatriate perks. Family accommodation is offered for the two jobs in the United Arab Emirates, but there is a preference for a single person in Kuwait.

Inquiries to Mr Ley-Wilson at 178-179 Piccadilly, London W1V 9DP. Tel: 01-499 2215; telex: 28146 REG G.

SENIOR CONSULTANT

£20-£25,000 + car + bonus

Our client is a well established company in the financial services sector with major interests in leasing and venture capital. The subsidiary handling "big-ticket" general equipment leases is expanding rapidly and requires a Senior Executive, reporting directly to the M.D., who can:

- negotiate multi-million pound deals with both lessees and lessors
- develop and extend the services to current clients
- lead a team producing complex lease packages

Successful applicants, not necessarily with a background in leasing, will be aged around 30; professional and innovative; numerate; used to achieving results and capable of taking-up management responsibility almost at once.

Reply in the first instance to Nicholas Waterworth on 01-242 0965 or write to him at 31 Southampton Row, London, WC1B 5HY.

MP
Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester

BTG
Venture Management

BRITISH TECHNOLOGY GROUP

BTG was formed to bring together NEB and NRDC as a major force to stimulate investment by British industry in new technology and innovation. In the Northern half of England it operates through Regional Enterprise Boards. Expansion of the catalytic investment role in that area necessitates the creation of several new venture management appointments.

- THE TASK is to identify or create investment opportunities, evaluate their potential, negotiate terms, monitor performance and assist company managements (sometimes as a board member) to fulfil their development plans.
- THE ESSENTIAL NEED is for well-rounded experience in a manufacturing company in one of the newer industries culminating in a profit-responsible post. Evidence will be required of creativity, initiative and numeracy. A technical or financial qualification is desirable and exposure to acquisition and turnaround problems will be of value.
- AGE 30s. Salary indicator £17,000 with car.

Write in complete confidence to R.T. Addis as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET - LONDON WIN 6DJ

Manager
International Bank
Leeds: £20,000+

A major British International Bank is to appoint a senior executive to control the establishment of a new operation in Leeds and then to manage the branch. The property is already acquired and the appointment will ideally be made by the end of August.

The manager will have some responsibility for the recruitment of the initial staff and for the rapid development of new business across the full range of retail and wholesale banking services which the bank provides, where there is particular emphasis on the financing of international trade. In addition the manager will market the complete range of the parent group's international services.

The successful applicant will be aged 35 to 45 with an exemplary track record in banking, especially in the creation of new business with an international bias. Experience of opening an independent branch and developing the growth potential will be an added advantage.

The ideal person will also be able to demonstrate the ability to negotiate at a senior level with Government agencies, indigenous and other international banks and with potential corporate clients.

The salary will be not less than £20,000 with a car, and the usual fringe benefits associated with banking.

Please telephone (01-629 1844 at any time) or write—in confidence—in the first instance for a personal history form. W. R. Dalzell ref. B.1113.

This appointment is open to men and women.

United Kingdom Australia Benelux
Canada France Germany Ireland
Italy Scandinavia South Africa
Switzerland U.S.A.
MSL
Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Top Executives

Our clients find better opportunities. Are you interested?

If your talents are being wasted, or your ambitions thwarted, we can help. Our highly skilled career management consultants have all been engaged in a Top Management role. They understand your problems. After evaluating your true potential through discussion and analysis, they work with you through all stages of the job search until you find that better opportunity that is just right for you. Most of these better opportunities are never advertised. We have an acknowledged standing in the employment market and an outstanding track record of success. That's why we're confident that after a preliminary discussion you will appreciate why we are able to offer the special sort of help that you need. So why not ring us today.

MINSTER EXECUTIVE LTD. 28 Bolton Street, London W1Y 8EB. Tel: 01-493 1200/1205

Robert Fleming
Leasing Executive

Robert Fleming, a leading City merchant bank, requires an executive to manage the Bank's Leasing. As well as the management of the Group's leasing portfolio, responsibilities will include the development of the general leasing business. Applicants should be in their late 20's or early 30's and have had previous leasing experience including large ticket transactions covering both marketing and administration. An accounting background would be an asset but not essential.

A highly competitive package covering salary and other benefits will be offered to the successful candidate. The bank operates a mortgage assistance scheme.

Apply in writing enclosing curriculum vitae to:

Tom Phillips, Robert Fleming & Co. Limited,
8 Crosby Square, London EC3A 6AN. Tel: 01-638 5858.

Hoggett Bowers
Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Chartered Secretary

North Derbyshire - South Yorkshire Borders
5 figure salary + car

This diverse Group of Companies with interests ranging from agriculture to refractories have an impressive record of growth over the last decade. As a result of these achievements, they are now seeking to appoint an additional Chartered Secretary to assist in the further development and control of this enterprise. Applicants, probably aged 30+, and essentially qualified ACIS, will have broadly based responsibilities including statutory duties, overseas corporate matters, health and safety, licensing, patents payroll, industrial relations etc. Experienced candidates must have the flair and confidence to liaise effectively at all levels in an often pressurised and exacting environment. Long term career prospects are excellent as are the company benefits including re-location where necessary.

Ann Hill, Ref: 57234/FT. Male or female candidates should telephone in confidence for a Personal History Form 0742-731241, Bank House, 100 Queen Street, SHEFFIELD, S1 1UF.

Scrimgeour, Kemp-Gee & Co

Members of The Stock Exchange

FINANCIAL SECTORS

We are looking for an analyst to back up our current research effort into Banks and enable us to extend our coverage into associated areas. Ideally the candidate would have a couple of years experience in the financial area — with a broker or institution — and will have selling skills as well as a research background.

This is a chance for the right candidate to join a leading research operation where rewards are linked to overall performance.

Please write, in confidence, to
John Hewitt, Scrimgeour, Kemp-Gee & Co.,
20, Copthall Avenue, London, EC2R 7JS

TRUST MANAGER REQUIRED

HOLBORN SOLICITORS

Holborn Solicitors seek competent Executive to handle day to day administration of substantial Trusts principally holding portfolios of quoted investments. Ideal candidate will have experience with stockbrokers, accountants or bankers. Previous legal experience not essential. This is a newly created position with successful applicant being directly responsible to a Partner. Commensurate salary and benefits.

Apply with full curriculum vitae to:

The Partnership Secretary
Raynolds Porter Chamberlains
Chichester House
278/282 High Holborn
London WC1V 7HA

FOREX

APPOINTMENTS

For Forex/LIFFE/Money Market appointments at all levels discuss your needs, at no cost, with a specialist

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13/14 Little Britain
London EC1A 7BX
Tel: 01-406 6834
20 years market experience

COALITE GROUP
ASSISTANT
COMPANY SECRETARY

The Coalite Group wish to recruit an Assistant Company Secretary to be located at its Headquarters in Derbyshire. The Group has production and distribution companies and the successful candidate will be required to assist the Company Secretary with the full range of corporate, legal and secretarial responsibilities. Candidates should be in the age range 28/38, currently earning in excess of £10,000 and must hold appropriate secretarial, legal and/or accounting qualifications and have experience as Secretary of a medium-sized public or large private company. Experience of pension fund and insurance administration would be an added advantage.

Non-contributory pension scheme incorporating life assurance. Company car.

Applicants should write for an application form to:-

Mr. F. Clifford, F.C.C.A., M.B.I.M.
Company Secretary (SA/F)
COALITE GROUP PLC
P.O. Box 21
Chesterfield
Derbyshire S44 6AB

Venture Fund
Manager

Salary in range £12,000pa to £13,000pa

Welsh Development

The Welsh Development Agency through its Industry and Investment Division is responsible for investing funds in businesses in Wales, by way of equity or loans. A new company has been formed to invest risk capital in companies with growth potential. It is envisaged that many of these companies will be in high technology.

Reporting to the Investment Director the Venture Fund Manager will carry out investigation, analysis and development of funding packages. The work will include seeking out companies or projects and carrying out the necessary background investigations into product viability.

It is envisaged that the successful applicant will have had experience of management of medium sized companies with good growth records, an understanding of current developments in areas of high technology and possibly, but not necessarily, a qualification in Accountancy.

A car allowance is paid and the post carries six weeks leave per year.

Generous assistance will be given with relocation expenses. Application forms to be returned by 12.00 noon 18 June 1982 are obtainable from:- Personnel Department, Welsh Development Agency, Treforest Industrial Estate, Pontypridd, Mid Glamorgan CF87 5UT. Telephone: Treforest (044-386) 3571.

STATES OF GUERNSEY
ELECTRICITY BOARD

requires a

GENERAL MANAGER

to take overall responsibility for the day-to-day running of this important undertaking which generates and distributes electricity to the whole of the Island community. Assets are currently valued at £51 million, there is an annual turnover of around £11 million and the generation of approximately 284 million units per year. Total staff in the region of 260 employees.

Candidates, who preferably should be over 40, must be qualified engineers and able to demonstrate a proven record of success in business, latterly in General Management itself. Some experience with the generation and/or distribution of electricity would be expected and engineering experience should be mainly of the heavy rather than the light variety. Preference will be given to candidates with an additional vocational-type qualification, e.g. in business, finance or economics.

Salary scale £30,280-£20,955.

Further information and application forms can be obtained from the States of Guernsey Electricity Board, North Side, Vale, Guernsey (telephone Guernsey 46931).

Applications should be sent to the President, States Appointments Board, Royal Court House, Guernsey, to arrive not later than 25 June 1982.

INTERNATIONAL BANKING

AUDITOR

A progressive international bank offers an opportunity to a Young Accountant based in Singapore. As Branch Auditor you will be involved in all aspects of bank auditing therefore a high standard of general education is required. Candidates must be first in local district. c.s. \$75,000. Ref: DE2274A.

AUDITOR

An international bank seeks a qualified CA to join their audit staff in Bermuda. Ideally candidates will have gained bank audit experience through the position of trainee working in a bank. Preference will be given to single persons seeking excellent career prospects. c.s. \$75,000. Tax Free. Ref: DE2274B.

LEE HOUSE, LONDON WALL, EC2. 01-606 6771

ROBERT HALF

SEARCH & RECRUITMENT

ANALYTICAL EDITOR

With strong Marketing and Sales orientation required for established financial service with untapped potential. This appointment would suit a self-motivated Financial, Corporate or Industrial Analyst/Salesperson willing to work hard to establish his or her future. Salary is negotiable but the main reward will come with the fruits of success. Applications will be treated in confidence.

Please reply with c.v. to:
The Chairman
T. R. INTERNATIONAL LIMITED
3 Heddon Street
London W1R 7LE

Corporate Banking Opportunities

The Co-operative Bank p.l.c. is a fast growing Clearing Bank providing the full range of banking services. Due to the continued expansion of its branch network, we are now seeking additional Corporate Business Executives in the following areas:

North East based at Newcastle
North Midlands based at Nottingham
South West based at Bristol
E. Anglia/ South Midlands based at Chelmsford/ Colchester
London & South of England based at London

We are looking for candidates with a sound banking background who have had lending experience in a recognised financial institution. They will be expected to continue the development of the Bank's expanding corporate portfolio, working

closely with the Branch Managers in their localised area. Applications for these positions are invited from persons in the age group 28-38 with a minimum of 5 years' experience in the corporate field. Remuneration will be attractive to suitably qualified candidates, who will hold at least an A.I.B. Other benefits will include concessionary mortgage facilities, pension facilities etc. Written applications, which will be treated confidentially, including a Curriculum Vitae, should be sent to: K. M. Farrell, Personnel Manager, Co-operative Bank Group, Head Office, P.O. Box 101, Balloon Street, Manchester M60 4EP.



Finance Officer [Administration]

LONDON W1 c. £14,000

As a result of internal promotion, a key vacancy has arisen in the Financing Department of British Gas, a young professional team managing the finances of the Corporation.

The person appointed will be required to manage a small section concerned with the administration and control of all transactions arising from the financing of the Corporation, both in international and domestic markets. He/she will also provide technical support on major financing issues.

Applicants should be professionally qualified with a degree. Experience in the control of treasury operations and with computer based accounting systems will be an advantage.

Salary will be within the range £14,394-£16,329 and benefits are those normally associated with a large progressive organisation. Please apply, quoting reference number F/036501/FF, and giving full personal and career details, to: Assistant Personnel Manager [HQ Services], British Gas, 59 Bryanston Street, London W1A 2AZ.

BRITISH GAS

LENDING MANAGER DESIGNATE

City To £14,000 + Benefits

Our client is the merchant banking subsidiary of a substantial international banking group. The company has expanded rapidly over recent years and to facilitate continued planned growth they urgently seek experienced Lending Officers. Candidates will probably be aged 27-32 and in addition to a sound technical banking background will possess the necessary presence and self motivation to warrant early promotion in a dynamic and fast-moving environment. These key positions carry attractive benefit packages and give excellent scope for continued career development.

In the first instance please reply to Malcolm J. Hudson,

Hudson Shribman International
College Hill Chambers, 23 College Hill, EC4 01-248 7851

Personnel Officer - Merchant Bank

c.£10,000 p.a.

A major City merchant bank employing in excess of 350 people seeks an experienced Personnel Officer to manage the recruitment, employment and welfare of its clerical and secretarial staff.

Candidates are likely to be 27+, graduates, with at least two years' experience of similar work within a banking environment. I.P.M. membership would be a distinct advantage.

One of the reasons you would want to join this organisation is for the informal, though highly professional, working atmosphere and the remarkably direct lines of communication which characterise the management structure.

A competitive banking remuneration package is included with the above salary. Please forward a detailed c.v., together with an indication of current salary, to arrive no later than 1st post, Tues. 8th June, to:

M. R. Lytton,
Saatchi & Saatchi Recruitment,
30 Charlotte Street, London W.1.
Quoting ref. CB/11

BANKING OPPORTUNITIES

BUSINESS DEVELOPMENT £20,000+
A major international bank requires a professional banker at senior management level to generate and develop business in Central and Eastern Europe. Applicants should be mid 30's, possess a degree, preferably French and German, possess relevant qualifications and have at least four years' experience in marketing bank services to corporate and business clients.

MARKETING-INSURANCE c. £17,000
A leading international bank is seeking a marketing officer aged 27-32 with experience in marketing bank services to clients in the insurance industry. Applicants should preferably be U.S. bank trained and possess the appropriate professional and academic qualifications.

FOREIGN EXCHANGE DEALER £10,000 neg.
Bank: foreign exchange and sterling with three years' experience required by prestigious international bank.

FOREIGN EXCHANGE DEALER £10,000
Foreign exchange and deposit dealer, aged mid 20's, with three years' experience in dealing room, required by international bank.

BOND DEALER £10,000
Underwriting arm of international bank requires bond dealer, age 27-32, with two/three years' experience in bonds, CDs and FRAs.

LJC Banking Appointments Ltd.
170 BISHOPSGATE, LONDON EC2M 4LX
01-283 9953

WE PRODUCE FILM, VIDEO, AUDIO VISUAL PRESENTATIONS, GRAPHIC DESIGN AND WE NEED A GENERAL MANAGER

For a well-established company with multinational clients. The successful candidate will manage all aspects of the Company's activities, including production, accountancy and administration. Sound financial and business experience is necessary, with an interest in the marketing field as a prerequisite. No direct experience in Audio-Visual is necessary. Salary negotiable around £14,000+cat+share options available, dependent on experience and aptitude. Please enclosing a C.V. to: Box 27874, Financial Times, 10 Cannon Street, London EC4P 4BY or telephone: 01-628 5523

Chief Executive

GREATER MIDLANDS CO-OPERATIVE SOCIETY LIMITED

Due to the impending retirement of the present Chief Executive, the Directors invite applications for the appointment of his successor at a salary of not less than £35,000.

The Society is based in Birmingham, employing 4,000 people, with a turnover in 1981 of £113 million. The trading activities incorporate two supermarkets, 125 retail outlets covering various food, discount and department stores, dairy, bakery, and funeral service operations. The Chief Executive is responsible to the Board of Directors for the management of all activities in order to achieve the Society's corporate objectives.

Candidates, up to age 55, should preferably possess a high level of professional qualification and have gained practical experience ideally in a large, diverse commercial enterprise. They will need to demonstrate not only the relevance of their experience but also their interpretation of the future role and responsibilities of the appointment.

Please apply for information relating to the appointment and an Application Form which should be completed and returned by 25th June, 1982.



Applications to: Mr. E. A. Talbot, Chief Executive, Greater Midlands Co-operative Society Ltd., 27, High Street, Birmingham B4 7SE

CHARTERED SURVEYOR WEEKLY

the new weekly journal for the property professional to be launched later this year by the Royal Institution of Chartered Surveyors in partnership with the Builder Group needs

1 News Editor
2 Reporters
2 Sub-Editors

to join the team led by the Editor-in-Chief, Michael Hanson, as soon as possible. Plans are now well advanced for this exciting new publication, which will bring together the standing of the RICS and the publishing experience of the Builder Group, both of which have been established more than 100 years. Only those with first-class journalistic abilities should apply for these posts, but any lack of knowledge of the property world or experience of weekly publishing may be compensated by enthusiasm for the project and a dedication to make it take its rightful place as the authoritative journal for all property professionals. Successful candidates will be well rewarded, and they will be working in modern offices in the Fleet Street area. Applications (including CV) to: Michael Hanson, P.O. Box 87, 1 Pemberton Row, EC4P 4HL. Tel: 01-353 2300

Real Career Management Assures Real Success, Satisfaction and Reward

Executives/Professionals can realise career objectives secure relevant jobs reduce real risks at realistic cost. To discuss how, phone Peter Gardiner Hill on 01-456 4027

GHN Gardner Hill Needham Executive Counsel Ltd. 80, Rye House, Mandeville Place, London W.1. *See Obituary

Executive Appointments

The specialist service for senior executives seeking new appointments. Our success-related fee structure is unique. Contact us for a confidential meeting.

Comaught
79 Grosvenor Street, LONDON W1 - 01-493 8504

Corporate Finance

We are looking for an Executive for the Mergers and Acquisitions Department, which is part of the Corporate Finance Division of the Bank.

The successful candidate, who should be not more than 29 years of age, is likely to have at least three years' experience as an analyst in a financial or investment institution covering a variety of industries primarily in the U.S.A. but also in the U.K. He or she should have a sound knowledge of accounting principles and a good writing style, as well as being capable of working with a minimum of supervision and participating in discussions at a senior level with corporate clients.

The position offers the opportunity to work in a small specialised team and would involve visiting the U.S.A. at least once or twice a year. For the right candidate there would be prospects for promotion within the Corporate Finance Division or other departments of the Bank. The salary will be competitive and other benefits include house mortgage assistance, non-contributory pension, free life cover, and BUPA.

Please write with a full curriculum vitae to

Russell Smith, Personnel Manager,
Kleinwort, Benson Limited,
20 Fenchurch Street, London, EC3P 3DB.

KLEINWORT BENSON
Merchant Bankers

Company Secretary

Around £15,000 London

This significant national group with a turnover approaching £200m. is engaged in the distribution, retailing and servicing of cars, commercial vehicles, industrial and construction equipment; automotive parts and accessories; vehicle and boat hire. The successful candidate will join a small head office team, and be accountable to the Finance Director.

Candidates, Chartered Secretaries, probably 30 to 40, should be able to offer successful and broadly based experience and now be seeking greater responsibility. The post offers ample opportunity for increased managerial involvement.

Fringe benefits include car, season ticket loans, and cheap lunches.

Please write to Ken Orrell, ref. B.19215, MSL Chartered Secretary, Management Selection Limited, 52 Grosvenor Gardens, London SW1W 0AW.

This appointment is open to men and women.

MSL
CHARTERED SECRETARY

FINANCIAL DATABASE MANAGER

for a company whose services to the European Financial Community are rapidly expanding.

This new position will be based in the City of London, and will entail developing new databases on financial securities and maintaining existing ones. A knowledge of the securities market and computing experience are considered essential, though necessary training will be provided in London and the U.S., foreign languages would be an asset. The position will involve day to day contact with our clients and our information sources.

Salary and benefits are negotiable, and will be competitive.

For an initial discussion, please write or telephone in complete confidence to:

Manny Kott
IDC
58-60 Moorgate
London EC2R 6EL

or Anthony Prince
Chase Econometrics
Avenues des Arts 52
1040 Brussels
Belgium
(01) 638-0466 (02) 511-68-64

CHASE ECONOMETRICS/INTERACTIVE DATA CORPORATION

BANKING APPOINTMENTS

BRANCH MANAGER(S) Salaries: £10,000

An interesting and challenging opportunity has arisen with a developing British Bank, to manage one of their new branches. We would expect the successful candidates to have; full A.I.B. several years branch banking experience and presently be grade IV or V. Age 28-32.

Please contact: David Little

INTERNAL AUDITOR Salary c£10,500

A leading Merchant Bank requires an Internal Auditor aged between 25-35 years. Applicants should hold the AIB qualification and have had some inspection experience. A knowledge of computer auditing would be helpful. The usual banking benefits will be available.

Please contact: Peter Latham

UK/LEASE MARKETING MANAGERS Salary: £20,000+

We currently have a senior vacancy with a major international bank. The position is very much project finance related, covering the bigger ticket transactions in the £4m plus category. A proven track record in negotiating is essential plus a good all round technical ability. Candidates should be aged 30-38 years and possess a relevant degree or professional qualifications.

Please contact: Brian Gooch

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate - London EC2M 4LX - 01 623 1266

International Appointments

General Manager/Accountant

**Oil
Middle East
Attractive Package**

The company is an international oil corporation with extensive North Sea operations as well as exploration and production activities worldwide.

They are seeking an individual to assume accounting and administrative control of a small middle eastern office. The critical responsibility will be to provide interface between local partners and government offices and senior management at US headquarters. As well as the day to day running of the office and small staff, duties will include financial accounting and reporting and submission of tax returns to government agencies.

Candidates must be qualified

accountants with some staff management experience and well developed communicative skills. Knowledge of oil or related industries would be an advantage but not essential. Previous overseas experience is not required. The position offers married status and would be suitable for families with young children. Age is indicated as 30-40.

Please reply in confidence giving concise career and personal details and quoting Ref. ERS12/FT to J.J. Cutmore, Executive Selection.

Arthur Young McClelland Moores & Co., Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.



Arthur Young McClelland Moores & Co.

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APPOINTMENTS WANTED

EXECUTIVE, BANKER

41, married, West German, looking for long-term executive position in Banking, Industry or Financial Management in Europe or overseas (excl. Middle East). Extensive experience in executive positions in banking, shipping and financial administration. Accustomed to negotiating international business at high level with full responsibility. German, English fluent, Spanish basic. Please reply to: Box A7872, Financial Times 10 Cannon Street, London EC4P 4BY

The Ministry of Commerce and Agriculture of the pleasant island State of Bahrain wishes to make the following appointments:

Price Adviser from £19,700 p.a. tax free

To play a major role in the development of comprehensive plans to implement procedures for collecting data on commercial prices and analysing them on a scientific basis. This will include studying import prices and other costs and quantities handled to establish reasonable price controls. The successful candidate will also be expected to conduct studies of basic commodities to determine appropriate retail prices, as well as to offer advice and consultation to management in respect of relations with international organisations, public and private corporations that provide valuable data used in price analysis.

and administration. The ability to provide training to employees in the section is essential.

The expected qualifications should include a Masters degree in Business Administration, Commerce or Public Administration specialising in any two combinations of Marketing, Finance or Economics with several years experience in this or similar fields some of which spent at supervisory level. A good knowledge of the Arabic language would be ideal.

Financial Analyst from £14,100 p.a. tax free

The role calls for comprehensive studies, analysis and evaluation of financial accounts and budgets of a number of commercial companies as well as participation in evaluating public projects in relation to cost effectiveness. The duties also include the preparation of studies as needed in other economic sectors.

A Masters Degree in Commerce/Economics or equivalent strongly biased on financial analysis together with a number of years practical experience in this field and a good knowledge of the Arabic language will be distinctly advantageous.

These are bachelor or married status positions which carry above average conditions reflecting the importance of the appointments. Non Arabic speaking candidates with relevant qualifications should not be deterred from applying.

Initial interviews will be conducted in London during the week commencing 21 June 1982. Up to date resumes supported by copies of qualification documents should be sent to A. J. Hakim, MBA MSc, Adviser to the Ministry



**A & A
Consultants**

on these appointments, or call for a confidential Personal History Form. A & A Consultants Ltd, 10 Little Portland Street, London W1N 5DF. Tel: 01-631 4184. Telex: 695653B.

DIAMOND SORTING STAFF AUSTRALIA

ARGYLE DIAMOND MINES PTY. LIMITED is a company formed to manage the operations of the Ashton Joint Venture.

In late 1979, the Ashton Joint Venture discovered a major diamond deposit at Argyle, near Kummurra, in the far north of Western Australia. Evaluation of the deposit is continuing and it is anticipated that a full scale plant will be constructed during 1983-1984, with production scheduled to commence during 1985. From late 1982 production on a limited scale will be from associated alluvial deposits.

The company is now seeking the services of a number of people who have experience in the sorting of rough diamonds.

Ideally applicants should have a minimum of 10 years' experience, but those with a lesser amount should not be deterred from submitting an application. People who do not possess relevant experience should not apply at this stage.

GENERAL INFORMATION

These positions will be based in Perth and will be career appointments. Perth is the capital city of Western Australia and has a population of approximately 1 million. It is situated in the south western corner of the State, and enjoys a mild climate throughout the year.

Salary will commensurate with qualifications and experience.

Excellent conditions, including contributory superannuation scheme, non contributory accident insurance coverage and generous leave entitlements apply.

Travel and removal costs on appointment will be borne by the company.

Please apply in writing, including a Resume of personal details, qualifications and employment history to:

The Personnel Superintendent,
Argyle Diamond Mines Pty. Limited,
Private Bag No. 11,
WEST PERTH, WESTERN AUSTRALIA, 6005.



**ARGYLE
DIAMOND
MINES**

The Gambia

Accountant-General

Up to £17,835

substantially tax-free

- ★ To serve as Head of Treasury
- ★ To co-ordinate all the Government's accounting work
- ★ To produce the annual financial statement

Assistant Auditor-General (Development)

Up to £16,180

substantially tax-free

- ★ To manage and audit the Development Fund

Candidates must be ACA, ACCA, ACMA or CIPFA. For the former post they should have at least 10 years post qualification experience and be aged between 40 and 55 whilst for the latter they should have at least 5 years post-qualification experience and be aged between 30 and 45. Accounting experience in the public sector of a developing country would be advantageous.

Benefits

- ★ Free passages including children's holiday visits
- ★ Generous paid leave
- ★ Education allowances
- ★ Subsidised housing
- ★ Appointment grant
- ★ Interest free car loan

For full details and application form write or telephone Linda Mitchell on 01-222 7730 Ext 3714, quoting YX109/FT for the Accountant-General post or YX1401/FT for the Assistant Auditor-General post.

Crown Agents

The Crown Agents for Oversea Governments & Administrations, Recruitment Division, 4 Millbank, London SW1P 3JD.

SAUDI ARABIA

Chief Dealer

Leading financial institution in the Eastern Province requires a very experienced Chief Foreign Exchange Dealer, familiar with all aspects of spot and forward exchange as well as deposit dealing.

The ideal candidate will be at least thirty five years old and will preferably have had general banking experience. Furthermore, candidates who wish to or have recently retired from active dealing would be suitable.

Duties will include, aside from dealing, improving the organisation of the dealing room as well as hiring and training of junior dealers.

Actual dealing will be more orientated towards corporate rather than interbank clients.

Further banking responsibilities will be available for the right candidate in the medium term.

Tax-free salaries, free accommodation and an attractive benefits package will be offered to successful applicants.

Please reply in confidence to:

Mr. Alan Wood

8, Crosby Square, London EC3A 6AN.

All interviews will be held in London

A Saudi Arabian Eastern Province Manufacturing, Marketing and Service Organisation requires:

A Head of Finance and Administration

Salary Stg. £20,000 per annum

Tax Free

He will report to the general manager of the organisation. He must be a professionally qualified CA, ACCA or ACMA with considerable experience in computerised accounting systems (an IBM 34 is being used), manufacturing cost accounting and management information systems. He must be a tough disciplinarian, setting up internal controls and adhering to strict reporting deadlines. He must be capable of working with a high calibre management team and yet at the same time ensure that budgetary and internal controls and administrative policies are adhered to. Some overseas travel is involved.

This organisation is still in its pre-operating stage and provides a tremendous challenge for the right person. A minimum of ten years' post qualification experience is required. Please provide a full cv with salary history, positions held and full description of duties and responsibilities in last two positions.

Preferred age range 33-45 years. Other conditions of service — renewable two year contract, free car, free accommodation, business class return air fare to UK every four months for 14 days leave. Married status possible after initial period. Applications in own handwriting must be received by the 12th June.

Reply Box A7871, Financial Times 10 Cannon Street, London EC4P 4BY

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CHUSID London: 01-580 6771 35-37 Piccadilly St. W.1. Manchester: 061-228 0089 Stanley Building, Piccadilly Plaza. We are also specialists in 'Outplacement' for organisations, through our affiliated company Lander Corporate Services Limited. Address as above.

BANK OF BOTSWANA

MONETARY ECONOMIST

Applications are invited for a senior post in the Research Department of the Bank of Botswana—which is the Central Bank of Botswana.

The post requires an economist with considerable experience in the following fields:—

- (a) Monetary and Banking Policy
- (b) Investment of Foreign Exchange Reserves
- (c) Interest and Exchange Rate Policy
- (d) Credit Control Policy
- (e) Balance of Payments Problems.

The incumbent will help to formulate advice to the Governor of the Bank and other parastatal bodies on issues of a macro economic nature.

The post is available immediately.

The ideal candidate will have the following academic qualifications:—

- (a) Ph.D. plus three years' relevant experience OR
- (b) M.Sc. plus six years' relevant experience.

Salary

Approximately P29 000 including Inducement Allowance plus 25% tax-free gratuity, passages, education allowance etc. (Current rate of exchange: Pula 1 = U.S. Dollar 0.9702).

Applications including a curriculum vitae should be sent to the Director of Administration, Bank of Botswana, P.O. Box 712, Gaborone, Botswana. Further details can be supplied on request.

ERI

Specialists in recruitment for the Middle East

Accountants/ Financial Analysts Gulf

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MONEY BROKERS DIVERSIFY

Mercantile's £91m gamble

By John Moore, City Correspondent

Mr Reagan's broad agenda

PRESIDENT Reagan's brief round of bilateral visits in Europe which starts this week by now seems to hold a good deal more interest, and perhaps also more promise, than the Versailles economic summit to which it is officially a background.

WEDNESDAY, 9.40 am. The foreign exchange room of the London money broking operations of Mercantile House is in uproar.

In front of them, their own personal switchboards are flashing lights. Out of intercoms other voices are booming cryptic numbers and crisp commands.

The hot house world of money broking — where professional buyers and sellers of money, specifically currencies, are brought together by the brokers to achieve the finest possible terms on their deals — may be having a quiet week on the foreign exchange side.

Barely had the long holiday weekend in the UK finished when Mercantile announced that it planned to acquire Oppenheimer Holdings, a Wall Street stockbroker and fund management group, in a deal worth £91m.

The only thing that money brokers and stock brokers have in common is the noun 'broker', snapped a competitor of Mercantile yesterday.

Whatever the commercial logic of the deal, it is a reflection of the sea change taking place in the UK money broking community. Recently Ixco International, the holding company for money brokers Astley and Pearce and Godsell, and another newcomer to the stock market, bought W.L. Sons and Co (Overseas), the Hong Kong stockbroking arm of the hard pressed stockbrokers Carr Seabag.

Exco has also expanded into financial information services through acquiring an interest in Teletate Inc, the American communications network which enables dealers to flash prices immediately across the world.



"It's going to be fun," says Mr John Barkshire, chairman of Mercantile House, pictured in the dealing room

scrip issue and a string of acquisitions. More importantly Mercantile has managed to show an excellent rate of profit growth, more than doubling its earnings per share in the two years to April 1981.

Money broking became an extremely profitable business largely due to the instability of foreign exchange and other money markets. As market rates became more volatile, banks were turned to the specialist brokers to provide access to the finest, up-to-the-minute rates, and to a wider range of buyers and sellers.

The brokers have held an important edge over the banks through the development of important international branch networks, ranging from Tokyo through the Middle East, Europe to America.

After heavy lobbying they managed to persuade the Bank of England, which regulates the money brokers, to reduce commissions on several deals and permit volume discounts.

The banks complained that these reductions were inadequate, but the brokers argued that the incentive would be enough to concentrate the banks' custom on fewer brokers in order to take advantage of the discounts. This in turn, however, would lead to more mergers among the brokers, which the banks did not want as it would reduce competition among the brokers.

This is what is happening. Since the beginning of the year, when the new commission rates came into effect, M&H and Allen has acquired Guy Butler (International) for £10.7m and Mercantile House has acquired the troubled Charles Fulton company for £6.5m.

According to Mr John Barkshire the 46-year-old chairman of Mercantile, the sector is now polarising into very large groups, but leaving room for manoeuvre by small specialist concerns. It is the medium-sized groups which are likely to be squeezed. In the mid-1970s there were 18 recognised foreign exchange brokers and now there are only five large groups: Exco, R. P. Martin, Mercantile House, Mills and Allen (which owns Harrow Mercer) and Tullett and Riley.

Mr Barkshire says of his deal with Oppenheimer that "it is going to be fun. Already commodity people are talking to Oppenheimer."

For the future, he says that Mercantile aims to remain in "the financial markets we understand. We have now got to put the flesh on the bones of our plans." Even so Mercantile will be reacting to changes in the money markets and has its eye on the emerging financial futures market. Any attempt to acquire a UK stockbroker will be frustrated by the present rules of the Stock Exchange, which limit holdings by outside interests in broking firms to 10 per cent although this is likely to be raised to 29.9 per cent.

Through the acquisition of Oppenheimer, Mercantile is a the least consolidating its position among the five. It will double its payroll from around 2,000 to 4,000. In its last reported financial year, ending in April 1981, Mercantile declared pre-tax profits of £7.1m.

At the press conference when Mr Barkshire unveiled the plan, the air was thick with phrases like "strategic, objective," "synergy" and "precise fit". Mr Barkshire stressed that the move is part of a long-term objective to develop the group as an international financial services organisation operating throughout the world's money, securities and related markets.

He wants Mercantile to derive no more than between a quarter and a third of its business from any single activity, thereby improving the group's earnings quality and spreading the exposure to what are high risk activities. Over the last year the group has acquired three commodity brokers, two money brokers, and a U.S. broker.

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For the future, he says that Mercantile aims to remain in "the financial markets we understand. We have now got to put the flesh on the bones of our plans." Even so Mercantile will be reacting to changes in the money markets and has its eye on the emerging financial futures market. Any attempt to acquire a UK stockbroker will be frustrated by the present rules of the Stock Exchange, which limit holdings by outside interests in broking firms to 10 per cent although this is likely to be raised to 29.9 per cent.

Meanwhile the upheaval in the money broking sector is likely to continue for some time to come.

The Comecon credit debate

GIVEN THE WIDER strategic and foreign policy concerns of the Reagan Administration it was only to be expected that it would, as at Ottawa, seek to put East-West economic relations on the agenda at Versailles. The Americans' specific concern is with the amount of credit that the West makes available to the Soviet bloc and the terms on which it does so.

In theory it ought not to be difficult to establish Western consensus on two fundamental propositions here. First, it makes no sense for the West to subsidise interest rates on official export credit to the Soviet Union — least of all when the leading industrial countries are trying to keep budget deficits on a tight rein. Second, the West should be prepared to discuss, monitor and perhaps also co-ordinate its lending policies towards the East in order to ensure that there are no further Polands and Romanias, no repetition of the debacle in which the Soviet bloc was allowed to accumulate \$50bn of debt which it is now unable to service.

Perceptions Yet the seven summit countries do not appear to have been able to agree in advance on a form of words in the communiqué to cover this aspect of East-West economic relations. The explanation lies mainly in different perceptions and differing national interests.

What on the surface appears to be a straightforward argument about credit is in reality a fundamental debate on Western objectives in East-West economic relations. At one end of the spectrum are those in the U.S. Administration who argue, from a global perspective, that détente has been a failure and that the West should now frame an economic policy towards the East whose chief aim would be to curb the Soviet military build-up. All balance of payments deficits with the East, so the argument runs, result in a net transfer of resources from West to East which facilitates high Soviet defence spending and opportunism in the Third World. Trade and financial dependence make Western Europe vulnerable to Soviet arm-twisting.

For their part, the Europeans take a less jaundiced view of détente and continue to believe that trade relations with the Soviet bloc are, on balance, economically and (to a lesser extent) politically beneficial. And they believe that problems of vulnerability to Soviet pressure are manageable. The argument, in which the principal participants are the Americans, the West Germans and the French, reached deadlock last December.

Concessions European readiness to make concessions, however, has been damaged by President Reagan's decision to lift the partial grain embargo against the Soviet Union last year. If the President, whose Republican party now confronts electoral problems in the grain-producing mid-West, is tempted to enter a new long-term grain agreement with the Russians, the logic of the U.S. position on, for example, the gas pipeline will look even more suspect.

The best that can probably be hoped for from the Versailles summit is that the participants will give modest impetus to the dialogue that started with the Buckley mission. In the long run the new strain of pragmatism in U.S. foreign policy may yet enable the West to reach consensus on a common economic approach towards the Soviet bloc.

Why Oppenheimer welcomed the takeover

A key figure in the marriage between Mercantile House and Oppenheimer is that of Michael Stoddart, an entrepreneurial character who does not fit the popular — and not always flattering — image of a UK investment trust director. As a director of the Electra House group of investment trusts, he has also been on the board of Oppenheimer's securities business since Electra bought its initial stake in the group seven years ago.

However, he admits there are some fundamental differences between the two companies. Mercantile has grown up in the wholesale markets — in its money broking operations, for instance — whereas Oppenheimer retails its services to the public. While Mercantile generally acts as an agent, the U.S. firm quite frequently operates as a principal — making markets in over-the-counter stocks, or playing the arbitrage game on its own account, for example. This means it is much more capital intensive than its new owner. But Mr Robert insists that it has not gone into the deal in order to bolster its balance sheet. "We have enough capital to grow the business to two or three times its current size," he says.

Oppenheimer's partners will be taking most of their proceeds in cash, and some of them — especially the key half-dozen members of its executive committee — will become very rich men. At least some of their new capital will be reinvested in the partnership, which will continue to operate as an independent entity under a new name. Inevitably, there is already speculation on Wall Street that some of the partners may be tempted to take their money and run. But Oppenheimer insists that its present team will remain in place. After all, says Mr Robert, one of the main reasons for doing a deal with Mercantile was that it allowed the business to continue under its existing managers.

Richard Lambert in New York

Unbeaten gold

Golden Fleece indeed. Winning his second Derby in five years means that the pockets of Vernon's Pools millionaire Robert Sangster are given another lining of the stuff. The unbeaten colt, which he bought for about £450,000, should now be worth up to £20m — and there are the bonuses from Epsom of £113,901 and a £3,500 gold trophy.

There is no room for sentiment about horses," Sangster says. "This is a business run as a business." And with eight classic winners in England, France and Ireland since 1977, no one is making a better job of running it. Sangster's equine empire of several hundred horses — even he is never sure of the exact number — is valued at more than £100m. Racegoers call him lucky, but his good fortune is based on a team of experts backed by an open chequebook.

Golden Fleece now looks a bargain buy — and next year so may the Mill Reef colt which Sangster bought at Newmarket last October for a record £872,000. But if that is what it takes to stay at the top of the fantasy-ridden industry, many a thousand others found a day's enjoyment in the event yesterday whether perched on top of a bus in Epsom's thunderstorm or comfortably ensconced in front of a television screen at the Savoy Hotel's party.

For rather smaller investments than Sangster's, some even managed to show a profit. The Stock Exchange sweep was won by five "extremely hard-working" senior dealers at brokers Wood Mackenzie. They shared £15,000 and offered a celebratory jar to at least one of the partners — Peter Derby.

Dodgy thoughts To listen to Dan Bawly, an Israeli author turned accountant, you would think that

Men & Matters

Mahatma Gandhi is the high priest of tax dodgers. He calls tax "avoidance" a "modern powerful form of passive resistance; a movement which has no heroes but in which the Government is the villain."

Bawly was in London yesterday after the launching of his book "The Subterranean Economy," which has already drawn what he gingerly terms "adequate" reviews in the U.S., where it was brought out by McGraw Hill.

In economic terms (in politics he's a liberal) he is considerably to the right of Professor Milton Friedman, arguing that in democratic countries only the rich tenth of the population should pay taxes and Governments should assume responsibility for the poorest tenth.

As an accountant who advises clients on tax avoidance, he admits to being a "camp follower" of the subterranean economy and tactfully refrains from supporting it or attacking it. He entered accountancy, which he terms "a fun discipline," in 1962 after several years in journalism during which he emerged as an expert on Israel's black economy. At the request of his father — "my censor" — his book pays only scant attention to Israel's well developed black economy and far more to the same phenomena in the U.S., Britain, the EEC and Scandinavia.

Learning fast After years of criticism, the British appear at last to be learning not to expect the rest of the world to conduct its business in English.

Like Dr Stanley Ridgwell, who leaves London for Tokyo tomorrow to take over as president of ICI Japan, more businessmen are now setting out adequately equipped in the language and customs of the people with whom they will be dealing.

Ridgwell is perhaps a special case. Having served ICI since

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ECONOMIC VIEWPOINT

Stabilising the world's money

By Professor Ronald I. McKinnon

Lombard

Argentina and its generals

By Hugh O'Shaughnessy in Buenos Aires

IF THERE is one thing that would be worse for Argentina than losing the Falklands war it is winning it. Or to put it more positively, winning the war would be a disaster, losing it, as appears more and more likely, could bring the country immense benefits.

For the Galtieri junta to have pulled off its invasion of the Falklands unmolested would have condemned the long-suffering Argentine people to an even more severe dose of empty militarism than they have been putting up with for these past 50 years and more.

Credit

Had he won General Galtieri would have claimed—indeed for the moment does claim—immense credit for having "recovered" by force of Argentine arms pieces of land which all Argentines have been taught from their earliest days to think of as Argentine.

From 1930 Argentina has been controlled overtly and covertly by military men, conventional or heterodox. Conservative generals have played turn and turn about with General Peron or his surrogates in the Pink House in Buenos Aires.

Rare have been the occasions when decent parliamentary regimes have been able to get ahead with the job of exploiting Argentina's immense resources for the good of the country as a whole. President Arturo Illia, the representative of the middle-of-the-road Radical Party made a brave and largely successful attempt to govern this

Myth

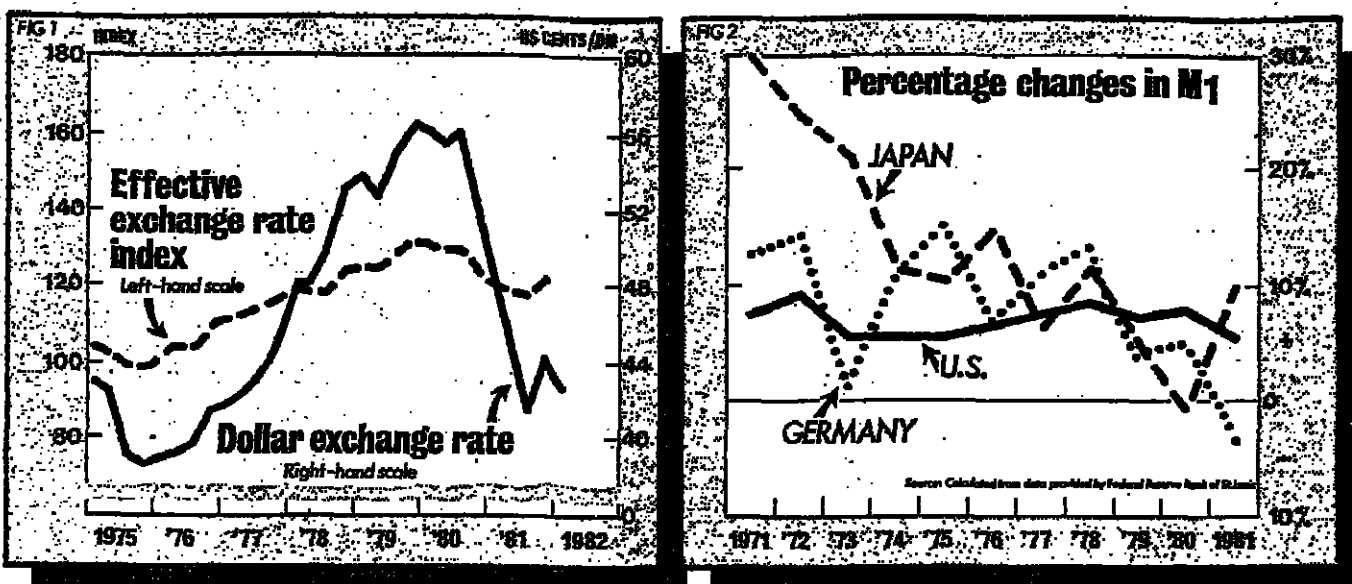
There can be little doubt that the April invasion of the Falklands was timed to distract opinion away from economic chaos wreaked by successive military and Peronist governments. It was also aimed at seeking a sense of unification of the nation as a whole, committed as it was to the justice of Argentina's cause in the Falklands behind a successful military adventure.

For this to have succeeded would have meant the perpetuation of the myth that the military had some God-given aptitude for politics and should go on enjoying a right of veto on any national development they did not like.

The possibility of defeat of Argentine arms in the Falklands and the post mortem about a bloody and costly failure opens up possibilities for questioning old myths and thinking again whether the generals should have automatic rights to determine every major decision of government.

Rethink

For decades Argentines, never very sure of their own national identity, have clung to the idea that the military is a great unifying force in national life. It has not been. Argentines may now have the opportunity to rethink some of the national suppositions of their national consciousness. They may well find that they do not need the mental crutch of militarism any longer. This rethink may be a painful process but it could be a rewarding, liberating and infinitely constructive one.



Bruna Radovic

were themselves due to heavy foreign exchange intervention by central banks other than that of the U.S. Hence, more official exchange intervention, before international monetary harmonisation is assured, could be a serious mistake.

In formulating their monetary policies, the Bundesbank and the Bank of Japan often give some weight to foreign-exchange considerations—albeit on an inadequate and ad hoc basis. Since 1945, however, the American Federal Reserve System has generally followed an isolationist monetary policy—whether based on domestic interest rate or domestic money growth targets.

First, the world is still on a dollar standard. The dollar remains the principal international currency by which other governments stabilise their exchange rates as long as the U.S. stays out of the market.

Secondly, the important objective of smoothing exchange-rate fluctuations among the mark, yen and dollar is best approached indirectly. Germany, Japan and the U.S. should begin by properly aligning their domestic monetary policies to stabilise highly erratic growth of their joint money supply—and then exchange-rate fluctuations will naturally diminish.

The two worldwide inflations of the 1970s, and the great deflation of 1981-82, can be systematically explained by recent increases or decreases in the collective money supply of the industrial countries. But these fluctuations in "world" money

deflation in 1981-82. Fortunately, a more satisfactory explanation suggests itself by considering the much greater monetary fluctuations in other industrial countries. For brevity, Figure 2 is confined to illustrating the sharp changes in monetary growth rates of Germany and Japan. Japan's annual growth in M1 varies from more than 30 per cent to 0, and Germany's from 14 per cent to -3 per cent between 1971 and 1981. In this respect, most smaller industrial countries with hard currencies are more similar to Germany and Japan than to the U.S.

Define the "world" money supply M(W) to be the weighted sum of dollars [M1(U.S.)], D-Marks [M1(G)], and yen [M1(J)].

35, M1(W) .45, M1(U.S.) .35, M1(G) + .20, M1(J). The substantial weight of .35 assigned to Germany reflects its disproportionate importance in the European Monetary System—but the precise weights chosen, and whether or not other hard currencies are included in the definition of M(W), are not critical.

Over the past 12 years, changes in M1(W) predict quite well fluctuations in world (nominal) GNP and in the world price level, after a lag of one to two years. Statistically, it makes little difference if the "world" is just the totality of our three reserve-currency countries or if it encompasses the OECD economies as a group.

Since 1970, however, M1(W) predicts inflation and deflation in the U.S. itself somewhat

better than does M1(U.S.). For example, Figure 2 shows the very sharp slowdown in German and Japanese money growth after 1979-80, with German money growth actually becoming negative in 1981. This unusually sharp decline in world money growth accurately predicted the 1981-82 worldwide deflation in general, and that occurring in the U.S. in particular. Since 1970, the Federal Reserve System has been following an increasingly inefficient monetary indicator.

In concert with the Bundesbank and the Bank of Japan, the joint target should be smooth growth (within a narrow range) in an indicator variable like M1(W)—leaving M1(U.S.) somewhat freer to ebb and flow with international demand. If the three competing reserve currencies are substitutable in international and national portfolios, then the demand for M1(W) will be more stable than the individual national demands for M1(U.S.), M1(G) or M1(J). Therefore, in an integrated world economy, M1(W) is a more efficient control variable for ironing out cyclical inflation or deflation within individual countries.

Would it suffice for the Bundesbank and Bank of Japan independently to smooth the hitherto erratic fluctuations in each of their domestic money supplies?

Unfortunately, no. Consider the plight of the Bundesbank and Bank of Japan in June 1982. Both have depressed domestic economies and domestic money

aggregate demand for goods and services.

Under this new international standard, each of the three central banks' domestic money market transactions would remain practically unchanged. That is, the Fed would continue to buy Treasury bills and bonds equivalent to keeping M1(U.S.) growing at a hypothetical 5 per cent rate, the Bank of Japan would buy Japanese Treasury bonds (or rediscount private loans) so that the M1(J) would hypothetically grow at 8 per cent, whereas the Bundesbank chooses a growth rate closer to the U.S. level.

The big departure from present practice would be in the Fed's reactions to foreign exchange interventions in dollars by the other two central banks. If, say, the Bank of Japan is buying dollars—as it did massively in 1978 to prevent the dollar from depreciating even faster—the resulting sales of yen would expand the Japanese monetary base above its trend. Under the new regime, however, the Fed would allow these official Japanese purchases of dollars to contract the American monetary base below its trend so as to leave their joint money supply unchanged.

How would the new money standard work if imposed in the sharp deflation of June 1982, when growth in the joint money supply is still far below its desirable trend? An international monetary board could quickly calculate that the German and Japanese M1s were below their trends and that both currencies were undervalued. Although the American money supply was close to its trend, the Fed would begin expanding the U.S. money base, nudging the dollar down in the foreign exchange markets and reducing short-term U.S. interest rates.

Technically, smoothing aggregate money growth for the group would be much simpler than achieving national money growth targets for the three countries separately. The reasoning is straightforward: the ebb and flow of international monetary demand among the three currencies implies that if any one of them (say, the U.S.) succeeds in hitting its separately specified target, the other two are unlikely to do so—see Figure 2. And, in an integrated world, it is the group's collective money supply that determines

Letters to the Editor

The Falklands: the Foreign Office and the voters

From Mr D. Gunn
Sir.—Your TV critic (May 26) highlights an attitude expressed increasingly by the media throughout the Falklands war and which, if taken apart, can be roughly expressed as "Never mind winning the war; just make sure we have enough material, fast, to fill our columns and TV screens."

close down whatever intelligence services it has: all it had to do was get its agents here to buy the British papers and watch our TV.
David Gunn,
Broom Farm, Privett, Alton, Hampshire.

—hopefully soon and with the minimum loss of life—the potential support for the Alliance is unchanged.
Paul Tyler,
(Liberal/SDP Alliance candidate)
32, Station Road,
Beaconsfield, Bucks.

Of course the public wants to know what is going on, and that includes the world public as well. We should all remember, however, that one of the aspects of independent media is that their job, as they frequently remind us, is the independent dissemination of news and comment. The Ministry of Defence's job, in contrast, is to win the war; and the public must understand that the dissemination of all news immediately plus comment on likely future moves by recently retired senior officers is a considerable ability and knowledge will, inevitably, hazard our soldiers, sailors and airmen. I believe it has done so already and indeed one of the Sunday national papers commented as such.
The speed and demands of modern media do call for very careful handling and maybe the Navy, of whom Mr Dunkley is so critical, needs to be treated more. As he puts out, however, the U.S. lost the Vietnam war on TV and as far as I know we have no intention of losing this one. Truth is, of course, a prerequisite, but I must profoundly disagree with Mr Dunkley's conclusion that "truth on screen in every front room fast is the best policy."
I have sometimes felt in the past month that Argentina must have been virtually able to

Given the extent to which the Conservative Party and its campaign directors attempted to turn the election into a popularity poll for its Falkland flag—indeed a personal popularity poll for its Conservative No. 10 to each individual voter—the fact that less than a third of those entitled to vote supported them must be significant. Scarcely a "vote of confidence".
After weeks of meeting thousands of electors in this constituency my interpretation of this extraordinary political situation is that a considerable body of former Conservative voters did not feel they could weaken the Government at a time of international crisis by voting against it; on the other hand, they could see no positive reason for voting for it. Thus, a similar proportion to the deserters of Croydon, Crosby and Hillhead stayed at home.
As Mr Rutherford suggests, the situation remains fluid. When we revert to "normal" politics

From Mr P. Wood
Sir.—Reading Malcolm Rutherford's article (May 29) on the so-called "attack" on the Foreign Office, it is difficult to see how a successful assertion of British interests overseas can co-exist with the hostility to foreigners Mr Rutherford claims to find in the populist ranks of the Tory Party. Mr Rutherford may be drawing our attention to what he privately regards as the absurdity of this sort of Conservatism, or it may be that his analysis is, after all, too sharply drawn.
However that may be, I suspect that the post-war history of the Foreign Office has done little to advance its best causes and that the recent call by Sir Peter Smithers for a re-examination of recruitment and training policy in the FO will find a response across a far wider spectrum of public opinion than that represented by the Daily Mail and Express in full cry. The elitism many people discern within the Foreign Office is arguably (given both the history and the more recent pre-Falklands events) that of superior people who are not in fact superior. We deserve a better strain.
Peter Wood,
Newbold Farm,
Dunstable, Bedfordshire,
Girlington, Glas.

Workable long-term standard

From Mr R. Ancliffe
Sir.—In respect of inflation accounting for CCA (May 27) says: "The job of the accountancy profession is to... come up with the fairest and most workable long-term standard." But that is precisely what the profession did nearly 10 years ago with exposure draft 8 (which proposed GPP). The only thing "wrong" with ED 8 was that politicians didn't like it.
Let nobody forget that the Morphet working party (which produced ED18, ultimately leading to SSAP 16) was not trying to produce a standard based on the best method of inflation accounting. Instead Morphet was instructed by the Government to base the new standard on the 1975 Sandilands recommendations for CCA. That was a very satisfactory procedure for an "independent" profession.
Lex mentions company chairman whose motto is "a pound is a pound." But surely this was the Sandilands motto? Even the supporters of SSAP 16 recognise that 10-year CCA summaries are nonsense. And SSAP 16 results in CCA balance sheets based on "end-of-year" values while CCA profit and loss accounts are based on "average-for-the-year" values. This is ludicrous unless one assumes—wrongly—that the two are comparable.
Incidentally, is the Mr David Cornie who has apparently been advocating CCA recently as vice-president of the English Institute any relation of the Mr David Cornie who was chairman of the Institute's Technical Committee at the time of the July 1977 meeting which voted against any compulsory system of CCA? At that meeting this other Mr Cornie said: there is agreement on the need for account to be taken of the effect of inflation. The Council agrees with those who say CCA itself is not a system of accounting for inflation, and I have said so repeatedly."
Roderic Ancliffe,
Parkside,
Henley-on-Thames,
Oxfordshire.

Hallmark of a moral society

From Mr K. Dalg
Sir.—Your report (May 27) on the Health Service dispute quotes Len Murray as saying "the hallmark of a moral society was when the strong aid for the weak."
I wonder if Mr Murray could tell us if this means able-bodied porters turning sick people away from hospitals?
Ken Dalg,
40, Doughty Street, WC1.

The value of research

From the Director, Association of the British Pharmaceutical Industry
Sir.—Mr Warburton (May 27) reveals a woeful ignorance of the economics of the pharmaceutical industry and a regrettable disregard for the interests of its many members employed in the industry.
The £300m a year currently spent on research in the UK does not "go on tinkering with existing drugs" as he alleges. It is spent on searching for totally new effective drugs and in establishing their safety. British pharmaceutical research has had an impressive record over many years with major new products and its success has clearly justified the heavy UK investment by both British and

foreign-owned companies in both research and production facilities.
Imposed generic dispensing either by obliging the doctor to prescribe generic drugs or permitting the pharmacist to substitute a generic product against a script for a branded product would be a major disincentive to research investment, would increase the importation of medicines (mainly from Eastern Europe) and would result in a significant loss of jobs. Furthermore, it would drastically reduce the positive balance of payments for medicines currently in excess of £550m per annum. Any supposed savings to the NHS would be small in comparison with consequent economic losses to the country.
To correct another of the many inaccuracies in Mr Warburton's letter it should be said

that the pharmaceutical industry is not seeking to extend the patent term but to restore the effective patent life. As it now usually takes more than 10 years to establish the efficacy and safety of a new medicine prior to the grant of a product licence, less than half of the full patent term remains at the time of introduction to the market. Because of this the pharmaceutical sector working party of NEDO, comprising representatives of management, trades unions and the DESS, has recently issued a consultative document proposing inter alia a restoration of effective patent term pharmaceuticals.
Does Mr Warburton really want to undermine one of the most productive and innovative high technology industries which this country possesses? (Dr) R. B. Arnold,
12, Whitehall, SW1.

01-248 9166.
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UK COMPANY NEWS

Companies and Markets

Allied-Lyons up to £141m

SECOND-HALF taxable profits of Allied-Lyons rose from £51.5m last time to £75.7m. This meant the total figure for the 52 weeks ended March 6 1982 reached £141.2m, compared with £112.4m for the previous 53 weeks period.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

Table with columns: Company Name, Date, and Notes. Includes companies like Intrans, Clyde Blowers, Greenfield Leisure, Hickson and Welch, J. Smart (Contractors), Fimber Airflow Streamlines, Becham, Cavings, Century Oils, Electronic Rentals, Mountview Estates, Property and Reversionary Investments, Rowlinson Securities, Tacks Consolidated Investments, URM.

Against the background of a very depressed market the better division did well, the directors state, with profits up from £55.4m to £75.7m, an increase of £20.3m (£37.0m). Ansell continued to make progress towards recovering its market share in the Midlands and elsewhere within the division most areas recorded sales performance better than the market.

De La Rue plunges £11m but lifts payout

TAXABLE PROFITS of security printer De La Rue slumped from £33m to £21.94m for the year ending March 31 1982 following a poor performance by the Crossfield Electronics division and the banknote printing business.

Sir Arthur Norman, the chairman, describes the results as "considerably worse" than had been expected as late as last December. However, he says trading in the second six months showed a small improvement on the first half even though it was decided to make some very substantial provisions against the possible impact on the banknote printing business of political upheaval and economic difficulties in certain client countries.

He explains that these decisions were taken in order to deal with an unprecedented situation and to create a more certain and sounder basis for the short and medium term operation of an important part of the group's business.

The 1982/83 year is expected to be "substantially better" than the year under review, although the residual effects of a poor performance by Crossfield Electronics and the banknote printing business will persist during the first six months which is likely to cause the results for the two halves of the year to be more unequal than is usual.

up the final dividend from 14.4p to 15.48p, which raises the net total by 1.08p to 22.08p per 25p share.

Stated earnings per share were well down at 36.3p (£7.4p) before extraordinary debits and on a nil distribution basis were 51.2p (£7.4p).

Group sales for the year advanced by 15.4 per cent to £203m (£176m) and exports (including sales to overseas subsidiaries) increased from £110m to £16m. Trading profits dropped from £22.04m to £13.39m.

The pre-tax figure included net interest receivable of £1.94m (£2.75m) and a share of associate profits which fell back from £2.2m to £1.6m.

The tax charge jumped by £4.43m to £7.11m following a write-off of ACT amounting to £6.1m. Minorities accounted for £1.38m (£358,000) leaving the attributable balance of £13.48m (£21.2m); and Crossfield Electronics £62.5m (£36.4m) and £4.8m loss (£0.5m profit).

Director Dr Brian Malpass declined to give details of the £9m problem in the bank-note printing business. "We never talk about our bank-note customers," he said, adding that the company had suffered severe disruption at its factories in the last quarter.

No great change seems likely in the first half of the current year, but the hope is that the second half will see "a more normal pattern" in the bank-note business.

The directors comment that their expectations for the year were severely reduced by the poor performance of Crossfield Electronics in the six months to September 30, as reported at the half-year group pre-tax profits then were £10.51m (£14.46m).

They add that although the division has shown a substantial improvement (it is now back in profit) it has not been on a scale sufficient to restore anything like the level of profitability which was looked for at the beginning of the year.

The problems encountered by the Thomas De La Rue currency division and the financial measures taken to deal with them had a severely adverse effect on its profitability for the year under review. There was considerable disruption of production schedules during the last quarter, resulting in heavy costs arising from short-time working and a redundancy programme in the Dublin factory to achieve a necessary reduction in capacity.

The Thomas De La Rue Security Systems print division had a very satisfactory year, due largely to good results from passport and from the London and overseas bond markets.

De La Rue Smurfit had a successful year. A recovery to former levels of profitability and beyond is confidently expected in the medium term by the Thomas De La Rue general services sector, particularly in areas where new products are being brought into the portfolio.

Thomas De La Rue de Colombia SA recorded a new high level of profitability and Thomas De La Rue SA (Brazil) returned record profits in spite of the very difficult economic conditions in Brazil throughout the year.

Coalite advances by £2m

PROFIT before tax at Coalite Group rose from £21.86m to £23.86m in the year to end March 1982, on turnover up from £358.1m to £406.87m. Half way profit was £7.2m, against £7.35m.

A final dividend of 3.1p net per share (2.5p) raises the total to 4.65p (4.16p). Earnings per 25p share are given as 18.2p, down from 28.01p.

The pre-tax figure was struck after adding interest of £1.51m (£338,000).

Coalite took £3.1m, against £2.19m (£1.9m) in the year. The directors point out that the latter figure was unusually low because of the release of stock relief under the provisions of the Finance Act 1981.

comment

Most of the 9 per cent improvement in Coalite's pre-tax profits came from a three and a half fold increase in interest receivable. This is partly a reflection of the fact that rates, at an abnormally high level at the beginning of the year, were reduced by over £12m. At the trading level, the rise in profits was only 3.4 per cent, on the solid fuel and fuel distribution fronts this is one company which has done well over the severe winter. Coalite's fuel businesses are however largely dependent, not so much on volume, but on the prices of oil and coal, and the firming up of oil prices is an encouraging factor for the current year.

Edinburgh General Ins. omits forecast final

THE IMPROVEMENT seen by Edinburgh General Insurance Services last year at the time of the rights issue, has not been as good as expected. The final dividend of 0.7p per share forecasted then has been omitted and the board does not expect to recommend an interim in respect of 1982.

The interim for 1981 was 0.3p net. The company, which carries on business as a reinsurance and insurance broker and underwriting agent, reports a pre-tax profit for 1981 of £149,049, against a loss of £213,763 previously which was after an exceptional debit of £168,553. Turnover totalled £25m (£112m).

The directors explain that in view of the continuing weakness of the world economy and very competitive conditions in general insurance markets (specifically in the British motor insurance market which affects Andrew and Booth), and with the need to conserve cash resources in mind, they have concluded that it would be imprudent to pay a final dividend for 1981.

themselves to the problems and say that much has already been achieved this year that will lead to further substantial cost savings and a continued improvement in results.

Tax charge for the year was £10,573 (£27,012 credit) and there was also an extraordinary debit of £37,723 (nil) and minorities of £1,205 (£271). Stated earnings per 10p share were 0.3p (3.3p loss).

The group profit was after crediting post-acquisition profits of Andrew and Booth of £211,026—its full-year pre-tax profits were £478,203.

Caravans Intl. £1.79m in red

TAXABLE LOSSES of Caravans International were cut from £2.26m to £1.79m in the first half to February 28, 1982—the comparative figure having been adjusted to exclude a 51 per cent interest in the group's South African subsidiary.

January 28, 1981. Sales fell from an adjusted £25.53m to £22.45m. The interim dividend of this caravan manufacturer is again being missed; last year no distribution was made.

Trading conditions continued to be very difficult for the group's UK and other European subsidiaries, the directors say. Full benefit of a major programme of reorganisation and concentration—which was implemented last autumn—was not felt by the majority of the subsidiaries concerned.

All subsidiaries concerned are now enjoying the full benefit of the programme, they say. While there are no signs of any real improvement in trading conditions, they nevertheless believe the group will earn a trading profit in second six months, compared with a loss last time of £1.17m.

The reorganisation has released for sale certain of the group's fixed assets. Certain disposals, including the sale and lease-back of the CI Automotives factory at Parkstone, and the sale of surplus land there for an aggregate price of order of £800,000, are under negotiation. The directors intend to send a circular to shareholders, giving full details of the disposal which is to be effected by end-July.

HIGHLIGHTS

Lex looks at the figures from Allied Lyons which has shown pre-tax profits up from £112m to £141m, after £17m or so in each year of property profits. The dividend is increased for the first time in nearly two years. De La Rue has produced a one-third fall in profits to £22m after big provisions against bank note losses and trading in electronics.

Harrisson and Crosfield, which on Tuesday announced the sale of its majority holding in HME, reports a solid second-half performance. Lex comments on these figures and the outlook for the reshaped group before moving on to consider the CSI's annual report published yesterday and its remarks on agreed bids.

losses of £55,000 (£74,000) and interest costs of £859,000 (£894,000). There was no tax charge (£17,000). Following an extraordinary credit of £353,000 (£36,500 debit) for the profit on the sale of property sales, the attributable losses emerged at £1.44m (£2.31m).

comment

There seems to be no end to Caravan's confidence in itself. A year ago, the company predicted it could contain losses in the second half. When it didn't, the group then predicted this year would be "substantially better" than last. In the first six months of this year, it has lost more than it did in the whole of last year. Even so, it is now forecasting a return to profits in the second half. By selling off its only profit-maker, Caravans' South African subsidiary, the group has whittled down its borrowing and says

Table with columns: Company Name, Price, % Change. Includes Banco Bilbao, Banco Central, Banco Exterior, Banco Hispano, Banco Ind. Cat., Banco Santander, Banco Urquijo, Banco Vizcaya, Banco de Valencia, Dragados, Espanola Zinc, Fecsa, Fomento, Hidrola, Iberduero, Paralelo, Parabolero, Sogefisa, Telefonica, Union Elect.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date, Corre. Total, Total last year. Includes Allied-Lyons, Barlows, Buffelsfontein, City of Dublin Bank Int., Clydesdale, Coalite Group, James Cress, De La Rue, Alfred Dunhill, Edinburgh Gen. Ins., Fleming Amer. Inv. Int., Harrisson & Crosfield, Lake & Elliott, Marley, Readley, Stillfontein, Trans-Natal, West Rand Consolidated Nil.

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § South African cents throughout. ¶ Irish.

Harrisson & Crosfield PLC

SUMMARY OF RESULTS for the year ended 31st December 1981 (Subject to Audit)

Table with columns: 1981 £'000, 1980 £'000. Rows include Group profit before interest and taxation, Group profit before taxation, Group profit after taxation, Earnings for Ordinary shareholders, Attributable to Ordinary shareholders, Earnings per Ordinary share, Dividends per Ordinary share.

PLANTATIONS Operating Profit £27.1m (1980 £29.0m). Owing to lower commodity prices results from Group plantation companies are below those for 1980. Higher crops in the second half of the year made a major contribution to the sizeable improvement in profitability in that period. This trend continues.

CHEMICALS & INDUSTRIAL Operating Profit £10.7m (1980 £7.4m). Demand remained poor for the specialised chrome chemicals used in the aerospace industry and while there was an upturn for other chrome chemicals and some Duxchem Chemical Group products, the UK manufacturing business had a difficult year. Our businesses in America achieved excellent results both in manufacturing and distribution. All the Linatex companies performed well.

TIMBER AND BUILDING SUPPLIES Operating Profit £6.5m (1980 £3.3m). The start of 1981 saw new house construction in the UK at its lowest level for many years and in consequence profits in the early part of the year were well below expectations. Trading improved in the second half of the year until late November, whereafter results suffered from the hard winter.

GENERAL TRADING Operating Profit £7.0m (1980 £5.4m). Our two major companies in Malaysia and the company in Brunei, together with our commodity operations, were the top earners. Valuable contributions were also made by our insurance businesses and by our Sri Lanka, Australia and New Zealand companies.

Table with columns: 1981 %, 1980 %. Rows include United Kingdom, Asia, North America, Elsewhere (mainly Australasia and Europe), Ordinary dividend.

The Board recommends a final dividend of 20.5p per share, making a total of 28p per share.

Prospects World trade remains depressed and so far in 1982 there is little evidence of increased economic activity in the industrialised countries. While Group plantation companies are benefiting from higher crops and the Timber and Building Supplies Division is enjoying more buoyant trading, our chemicals and industrial

operations continue to be adversely affected by the recessionary conditions.

The proposed sale, subject to shareholders' approval, of our controlling interest in Harrisson Malaysian Estates PLC to Permodalan Nasional Berhad, announced yesterday, will produce an immediate and substantial reduction in interest costs and will provide funds for future growth in the Group's specialised areas of activity. A circular setting out details of the proposals will be sent to all shareholders as soon as possible.



Anglovaal Group

Declaration of Dividends Mining Companies

Dividends have been declared payable to holders of ordinary shares registered in the books of the undermentioned companies at the close of business on 25 June 1982. The dividends are declared in the currency of the Republic of South Africa. Payment from London (in the case of companies which have London Secretaries) will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 5 July 1982, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 30 July 1982. The transfer books and registers of members of the companies will be closed from 26 June to 2 July 1982, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Table with columns: NAME OF COMPANY, Dividend declared Number, cents per share, Total for financial year cents, Notes. Includes First dividends - year ending 30 June 1982, Anglovaal Consolidated, Anglovaal Gold Mining, Anglovaal Gold Mining Company Limited.

By order of the boards ANGLOVAAL LIMITED Secretary Anglovaal House 56 Main Street 2001 Johannesburg London Secretaries 295 Regent Street London W1R 8ST

Davies & Newnman HOLDINGS P.L.C.

Extract from Chairman's Statement

"I have to report on the year to 31st December last a Group result that is only slightly better than break-even. This is naturally disappointing on the sixtieth anniversary of the Parent Company but taking into consideration all the unhelpful factors affecting trade today and, in particular, the airline and shipping industries, I feel that some comfort should be taken from the fact that the adverse situation was contained. Every effort will continue to be made to maintain profitability and this is the task for Directors and staff alike."

F. E. F. Newman, M.C. Chairman

Table with columns: 1981 £000, 1980 £000. Rows include Turnover, Operating profit, Profit before taxation, Taxation charge (credit), Profit after taxation, Shareholders' funds, Extraordinary item, Dividend per Share, Earnings per Share.

Copies of the Directors' Report and Accounts for 1981 may be obtained from the Secretary, Davies & Newnman Holdings P.L.C., Bilbao House, 36-38 New Broad Street, London, EC2M 1NH.

M. J. H. Nightingale & Co. Limited

Table with columns: 1981-82 High Low, Company, Price Change, Gross Yield, P/E, Fully Paid. Includes 120 Ass. Brit. Ind. Ord., 130 Ass. Brit. Ind. CULS., 75 62 Armitage & Rhodes, 51 33 Armitage & Rhodes, 211 187 Bardon Hill, 108 100 CCL Type Conv. Pref., 265 240 CCL Type Conv. Pref., 104 61 Deborah Services, 131 97 Frank Horsell, 83 Frederick Parker, 78 48 George Blax, 102 93 Ind. Precision, 110 100 Isis Conv. Pref., 413 94 Jackson Group, 139 108 James Burnough, 334 234 Robert Jenkin, 67 51 Scruttons 'A', 22 10 Torbay & Carlisle, 154 10 Twinklax 15p, 80 66 Twinklax 15p, 44 26 Unilock Holdings, 108 73 Walter Alexander, 263 212 W. S. Yessup.

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Table with columns: LADBROKE INDEX, USM INDEX, THE TRING HALL, USM INDEX, 125.2 (+0.3), Close of business 2/6/82, BASE DATE 18/1/80 100, Tel: 01-638 1561.

Companies and Markets

UK COMPANY NEWS

Second half puts Readicut back in profit

THE BENEFITS of rationalisation carried out and substantial savings on costs enabled Readicut International, manufacturer of rug kits and specialised textile products, to move back into the black for the 12 months to March 31 1981.

At the pre-tax level profits were £20,000, compared with losses last time of £1,96m. The directors point out that although the group returned to profit the outcome was marred by the failure of De Lorean and by the slowness of recovery in the markets.

Further progress was made in the building-up of the Readicut rug kit subsidiary in North Leamington, the planned higher levels. The loss incurred was slightly less than last year.

profit. Sales of Bloomsburg (acquired in July) were on plan. Looking ahead "there will be no easing of the difficulties" experienced during 1981-82.

of Snappies. Cheap imports cut the legs from beneath the company which has now been sold. Virtually all of the £632,000 "discontinued businesses" loss was Snappies and £1.3m of the £3m exceptional costs related directly to that involvement.



The De La Rue Company p.l.c.

Setback in currency business offsets progress elsewhere

"The adverse impact of political upheaval and economic difficulties in certain banknote client countries is particularly galling when almost every other sector of the Group has performed well in the second half of the year"

"The Board expects the current year to be substantially better, although heavily weighted towards the second half, and is demonstrating its confidence by recommending an increase in the final dividend"

Sir Arthur Norman, KBE, DFC, Chairman

Main Features of the Year 1981/82

The results are considerably worse than were to be expected as late as last December. Trading in the second half shows a small improvement on the first six months, even though it has been judged necessary to make very substantial provisions against the impact on our banknote printing business of political upheaval and economic difficulties in certain client countries.

The effect has been to depress the Group's profit before tax by something of the order of £9 million. The Board has dealt with this unprecedented situation so as to create a more certain and therefore a sounder basis for the short and medium term operation of a most important part of our business.

Almost every other sector of the Group has performed well in the second half. Our security printing businesses in the UK, Colombia and Brazil have produced record results; Security Express has surmounted the problems caused by the recession in the UK very creditably; De La Rue Systems has achieved a major turnaround; Crosfield Electronics is back in profit; the contribution from our Associated Companies has been satisfactory.

Expectations for the year were of course severely reduced by the poor performance of Crosfield Electronics in the first six months. The improvement achieved since then, while undoubtedly welcome since it shows a significantly upward trend, has nonetheless not been on a scale sufficient to restore anything like the level of profitability which we were looking for.

Exports from the UK were worth £116 million, no mean achievement in a year when the volume of world trade was contracting fast. Margins have suffered as a direct consequence but market share has been maintained, and order books for the new financial year are at a higher level than twelve months ago.

The setback suffered by the Group is viewed by us as an event which can occur in an enterprise such as ours which in general is of high risk, high return nature. There has however been an overall cash inflow of almost £9.0 million during the year, as against an outflow of some £2.4 million in 1980/81.

We have furthermore not been deterred from continuing to invest heavily in our existing businesses during the past twelve months, nor from entering into new ventures closely related to them. Among these is the PRINTRAK computerised fingerprint storage and retrieval system recently acquired from Rockwell, the major American defence contractor. There is worldwide demand for a system, for purposes of both national registration and criminal investigation, which can confirm personal identification quickly and infallibly.

An accelerated technical development programme is well under way and the marketing of improved PRINTRAK systems has created widespread international interest.

Table with 3 columns: Sales, Profit, Dividends. Rows include UK, Export, Overseas, Trading profit before interest, etc. Total sales for 1982: £2,220,000; 1981: £4,581,000.

Lombard North Central rises £5m at midyear

PRE-TAX PROFITS of Lombard North Central part of the National Westminster Bank group, rose by £4.9m to £22.7m for the six months to March 31 1982. Including a tax credit of £3m, against a £3m charge last time, net figures showed a substantial advance from £14.5m to £22.7m.

Dunhill leaps to £5.22m

WITH IMPROVED Far East exchange rates and management action taken in the first half, second-half taxable profits of Dunhill Holdings leapt from £1.53m to £5.14m, bringing the total for the year to March 31 1982 to £5.22m, compared with £2.82m. The year's turnover advanced from £61.25m to £72.58m.

De Beers tailors its output to demand

BURDENED with big stocks of unsold diamonds held via the Central Selling Organisation, South Africa's De Beers is tailoring its mine output more to what the currently depressed market is prepared to buy.

Now in losses Teck to close big Afton mine

HEAVILY dependent on the price of copper, which continues to decline, Canada's Teck Corporation reports a loss of C\$8.5m (£3.8m) for the six months to March 31 compared with a net profit of C\$10.5m (£4.7m) in the same period of 1981.

Table with 3 columns: Option, Vol., Price. Rows include various stock options like BHP, GLEN, etc. Includes a section for 'NEIL & SPENCER only 37% subscribed'.

British Sugar may appeal

British Sugar is still examining the possibility of basing its defence against any renewal of last year's bitterly opposed £200m bid from the commodity trading group, S. & W. Berisford, on European ramparts.

Esperanza disposes of its Transmarcom stake

Esperanza Overseas Holdings (EoH) plans to sell its 85.9 per cent holding in its Belgian freight forwarding agents Transmarcom to its managing director for about £54,000.

Braid sees Lookers as threat to franchises

The Braid board repeated its initial rejection of the offer and advised shareholders to take no action. Ford has terminated Braid's franchise agreement for its main dealership in Burton-on-Trent and advised it will not now confirm the proposed franchise for Macclesfield, both pending the outcome of the bid, Braid said.

British Sugar appeal

Not content with the firm rebuttal last week by the European Commission in response to British Sugar's attempt to force Berisford to divest its 40.02 per cent stake in the sugar beet producer, the group is understood to be considering an appeal to the European Court of Justice in Luxembourg.

Table titled 'EUROPEAN OPTIONS EXCHANGE' with columns for Series, Vol., Aug, Last, Nov, Last, Feb, Last, Stock. Lists various stock options like GOLD, AMZ, etc.

Table titled 'LONDON TRADED OPTIONS' with columns for Option, Vol., Closing offer, Vol., Closing offer, Vol., Closing offer, Vol., Equity close. Lists various stock options like BHP, GLEN, etc.

Vertical text on the left edge of the page, partially cut off, including 'Quality advances £2m', 'before tax at', '1982, on turnover', '£8.1m to £496.7m', 'of which was £2.2m', 'of dividend of 24p', 're (4.16p). Earnings', 'are given as', '£21.6p', 'pre-tax figure was', 'including interest of 3p', 'took £3.2m', 'The directors point', 'later figure was', 'of stock received', 'ns of the Finance', 'ment', 'the 9 per cent', 'Coallie's profit', 'on a three and a', 'reduction in interest', 'this is partly a', 'fact that stocks', 'have been', 'of the year', 'by over £12m', 'level, the use is', 'y 3.5 per cent', 'and fuel during', 'this year one', 'as done well out', 'writer. Comment', 'es are however', 'ct, not so', 'but on the price', 'es is in excess', 'of the current', 'growth in demand', 'Coallie's is in', 'the decline of a', 'ustrial base. No', 's been made', 'which might', 'rewards to be', 'ent benefit to', 'in the future', 'however, the', 'net profit directly', 'After the price', 'the dividend', 'eading to the', 'of 30p', 'ing the', 'share.

Associated British Foods



"In spite of the highly competitive conditions in the markets in which we operate, the further progress of our retail companies and the excellent results from overseas have enabled us to maintain good profit growth for the third successive year."

Garry Weston, Chairman

- * Worldwide sales increased by 15 per cent—pre-tax profits by 21 per cent.
- * For the first time the group's earnings overseas exceed profits from within the United Kingdom.
- * A record £145 million (1981—£100 million) invested for the future in new assets, financed by exceptionally strong cash flow.
- * Balance sheet strength maintained with improved return on capital employed.

Financial Highlights	1982 £ million	1981 £ million
Sales	2,969	2,574
Profit before tax	139	115
Capital employed	753	634
Earnings per share	22.3p	18.7p
Dividends per share	4.3p	3.8p

Associated British Foods Limited
Weston Centre, 68 Knightsbridge, London SW1X 7LR

PORTER CHADBURN plc

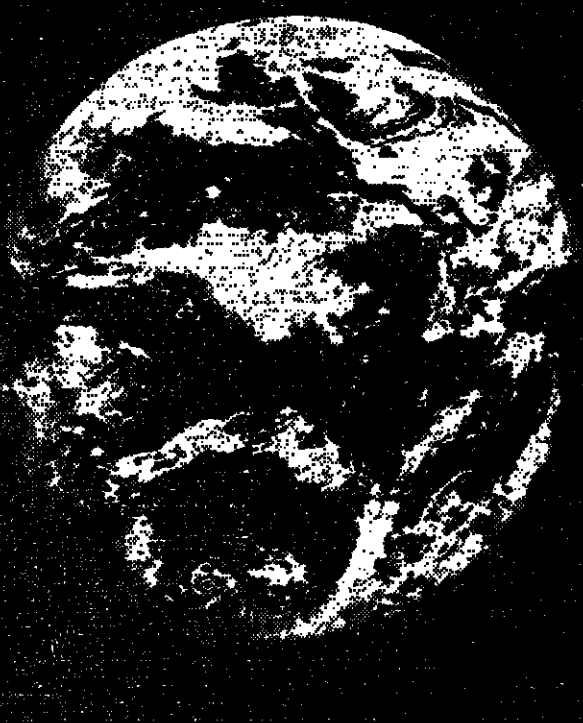
Inexorable decline in engineering industry has inevitable effect

Points from the statement of D. C. Bamford, C.B.E., the Chairman.

- * The inexorable decline in our markets in concert with those of the engineering industry as a whole has continued, with an inevitable effect upon our results. The brewing industry has suffered a substantial fall in demand with a consequent effect upon our sales of equipment. This has caused us to discontinue our operations involved in the manufacture of fermenting and other large vessels.
- * The decline in U.K. investment has also seriously affected our General Engineering Division which now comprises Chadburn Bloctube, Clayton Crane & Hoist, and Robinson.
- * Turnover fell from £15.96m to £13.65m, with an accompanying severe reduction in trading profits and a loss at the pretax level of £181,000 after charging abnormal expenses of £79,000. No provision accounted for the effects of the depression although Dispense Equipment for the brewing industry, Plastics, and Senar remained profitable.
- * The Directors propose a "token" dividend of 0.35p per share.
- * We continue to devote considerable resources to the updating of our products. We are investing in our Plastics Division and the further steps to eradicate losses in the General Engineering Division should bear fruit.

A copy of the Report and Accounts and Chairman's Statement may be obtained from the Secretary:
PARK LANE • BOOTLE • MERSEYSIDE • L30 4UP

Marsh & McLennan —a truly global enterprise



AN INFORMATION MEETING will be held at 3pm on Thursday 10th June, 1982, in the Painters' Hall, Little Trinity Lane, London, EC4. The Chairman of the Board and other members of management will summarise the proceedings of the annual meeting of stockholders of Marsh & McLennan Companies, Inc., which was held in New York on 19th May, 1982, and respond to questions. Stockholders and other interested persons are cordially invited to attend.

Marsh & McLennan | Bowring

Copies of Marsh & McLennan Annual Report for 1981 and proxy statement may be obtained on application to The Secretary, C I Bowring & Co. Limited, The Bowring Building, Tower Place, London EC3P 3BE (Tel: 01-283 3100 ext 510).

Harrisons & Crosfield slips to £47.24m

INCREASED second-half taxable profits at Harrisons and Crosfield of £27.7m compared with £24.55m, failed to make up for a fall in the first six months as the group finished 1981 down at £47.24m compared with £51.02m. The year's turnover rose from £720m to £814m. However, with earnings per share stated lower at 37.1p (46.6p) per £1 share, the final dividend is being maintained at 20.5p net, making a same-again total of 23p.

The directors say world trade remains depressed and so far in 1982 there is little evidence of increased economic activity in the industrialised countries. While the group's plantation companies are benefiting from higher crops and the timber and building supplies division is enjoying more buoyant trading, its chemicals and industrial

operations continue to be adversely affected by the recessionary conditions. The proposed sale, subject to shareholders' approval, of the group's controlling interest in Permodalan Nasional Berhad, will produce an immediate and substantial reduction in interest costs and will provide funds for future growth in the group's specialised areas of activity they say. A circular setting out details of the proposals will be sent to all shareholders as soon as possible.

A breakdown of the year's operating profits of £51.68m (£51.12m) showed: plantations £27.06m (£29.03m); chemicals and industrial £10.68m (£7.41m); timber and building supplies £6.81m (£3.3m); and general trading £7.02m (£5.38m). Also a geographical division of these

profits by percentage showed: UK 9 (18); Asia 65 (70); North America 16 (6); and elsewhere—mainly Australasia and Europe—9 (6).

During the year lower commodity prices pushed the plantation companies results below those for 1980. Higher costs in the second half increased this profitability and this trend continues, the directors say.

In the chemicals and industrial activities demand remained poor for the specialised chrome chemicals used in the aerospace industry. While there was an upturn for other chrome chemicals and some Durium Chemical Group products, the UK manufacturing business had a difficult year. The group's businesses in America achieved excellent results both in manufacturing and distribution, they say, and all the

Limatex companies performed well. At the start of 1981 new house construction in the UK was at its lowest level for many years and profits of the timber and building supplies activities in the early part of the year were well below the group's expectations. Trading improved in the second half until late November, whereafter results suffered from the hard winter.

Of the group's general trading divisions two major companies in Malaysia and the company in Brunei, together with its commodity operations, were the top performers. Valuable contributions were also made by its insurance businesses and by its Sri Lanka, Australia and New Zealand companies, the directors say.

Pre-tax profits included a share from associates of £4.44m (£7.6m)

and investment income of £1.27m (£825,000), and were struck after interest payable of £10.06m (£8.23m).

Tax took £20.91m (£21.5m) and after minority interests of £3.41m (£3.92m) preference dividends of £120,000 (same), and a credit of £7.35m (£2.8m) for exchange differences on net current assets, the attributable profits emerged at £30.15m (£27.53m). Dividends absorbed £17.45m (£16.36m) leaving retained profits of £12.71m (£11.17m).

At the year end shareholders' funds stood at £286.28m (£210.52m) and loans amounted to £89.99m (£22.24m). Fixed assets were valued at £217.07m (£125.25m) and net current assets came to £103.65m (£106.28m).

See 14x

Empire Stores loss predicted

A "MOST UNSATISFACTORY" outcome for the first half of 1982 is predicted by Mr John Gratwick, chairman, at the annual meeting of Empire Stores (Bradford).

He said: "In my annual statement which was prepared six weeks ago, I referred to a slight upturn in sales over the preceding few weeks. Over the past month, however, we have reverted to the pattern which prevailed throughout last year when sales values showed no improvement over the previous year."

"This means that volumes are still running a little below last year's level and it is unlikely that we shall see a more satisfactory upturn during the remainder of the first half-year."

"As we are very dependent on achieving higher sales volumes to cover the inflationary effect on operating costs, it is inevitable that the second half-year will be most unsatisfactory and that we shall be reporting a loss at that stage."

However, we anticipate that the second half-year, which always benefits from the seasonal trading pattern, will show a more satisfactory position and that over the full year we shall be reporting an overall profit, albeit below the level attained last year."

Referring to the bid from Great Universal Stores, the chairman said the board regard the decision of the Secretary of State for Trade to refer the offer to the Monopolies Commission as it extended the period of uncertainty and would involve considerable time and effort by senior management.

Despite the belief of the boards of both companies that the proposed merger would be in the public interest, the commission might decide otherwise.

One of the major benefits that will have arisen from the merger was the need for a credit control system, Mr Gratwick said.

This would have yielded a significant improvement in the control of bad debts which during the recession have had such detrimental effects on the profitability of the business.

In view of the uncertainty as to the outcome of the Monopolies Commission investigation, the board was having to assume that the company might have to solve this serious problem without outside assistance. A short term action taken to this end could affect the growth in agency strength, but it would provide a sounder base upon which to build in future years.

The annual meeting of London and Continental Advertising Holdings was told by the chairman that the level of business in the first four months of the current financial year was well ahead of that for the same period last year. The value of the company's forward sales contracts now exceeded £1.5m.

Minority interests took £139,000 (nil). A net profit of £220,000 was made on the sale of 40 per cent of the company's wholly-owned subsidiary, Irish Bank of Commerce, to Credit Commercial de France.

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City of Dublin Bank little changed midway

1982 pre-tax profit at City of Dublin Bank was £5,000 lower than last year's, but net profit was £1,700,000, against £1,740,000. The interim dividend is maintained at 0.575p net per share. Last year's total of 2.8875p was paid on pre-tax profit of £1,040,000. First half earnings per 25p share were stated as 2.02p, down from 2.51p.

Thomas Kenny, chairman, says profits have been struck after providing for an estimate of the second bank levy in addition to normal taxes.

Cash balances plus government stock, together exceeding £25m, are well above the company's requirements. Deposits now exceed £170m, against £158m at September 30, 1981, a good indicator of the company's growth, he said.

Minority interests took £139,000 (nil). A net profit of £220,000 was made on the sale of 40 per cent of the company's wholly-owned subsidiary, Irish Bank of Commerce, to Credit Commercial de France.

£2.1m first-half shortfall at Marley

INCREASED INTEREST costs and a reduction in associates earnings have contributed to a £2.1m shortfall in first-half pre-tax profits of Marley, the maker of products for the building trade.

For the half year to April 30 1982, profits before tax fell from £3.26m to £1.16m, after interest payments of £7.63m (£6.05m) and a share of associates profits of £15,000 (£852,000).

At the trading level, profits were slightly ahead at £3.77m, compared with £3.69m, of which £4.08m (£4.43m) related to overseas operations. Group sales for the period rose from £166.52m to £184.73m.

With tax taking £2.59m, against £3.19m, the group made a net loss of £1.44m, compared with a modest profit of £77,000 last time. Minority interests accounted for £24,000 (£263,000) for the period, but net profit increased from 0.1p to 0.8p.

The net interim dividend however is unchanged at 1p per share—last year, the total payment

was 2.25p on taxable profit of £15.1m.

The directors say positive steps are being taken to reduce the amount of capital employed throughout the business, both in the UK and overseas.

The reduction in associates' profits reflected a severe downturn in profitability of the French concrete roof tile business and an exchange loss of around £0.5m in the South American companies.

In the period under review, the severe winter throughout the Northern Hemisphere inevitably affected most of the group's trading activities and substantial losses were incurred during December and January.

An improvement since then has been encouraging, but there is as yet no hard evidence of a material recovery in the markets in which the group operates. This is particularly so in North America where the market for plastic consumer products, despite successfully overcoming its management problems, again

incurred a greater loss than expected, as did the Canadian subsidiary.

Marley intends to change its year end from October 31 to December 31, since this is now seen to be a date more appropriate to the needs of the business. The change will take effect this year and the 14 months' profit figures will probably be announced in early March, 1983. These results will be accompanied by an unaudited trading statement for the 12 months to October 31, 1982.

In current cost terms, there was a first-half pre-tax deficit of £1.9m (£58,000).

comment

The outlook for Marley's profitability was labelled "very exciting indeed" by the chairman only four months ago. In the event, interest payments and rough winter weather conspired to dampen Marley's confidence. It has climbed to 87 per cent from 71 per cent last year, as borrowings have climbed to more than

£100m. The group is now pledged to "significantly" reducing this mountain of debt. Sale and lease-backs are sure to be part of the programme, but any factory, shop and investment which do not provide an adequate return on capital is now under the threat of the knife. Marley's move into America was badly timed, what with lofty interest rates and record high snows last winter. But the six months' period just reported includes all the bad effects of winter and there is good reason to expect another strong improvement in the second half. In the UK, trading profits improved, with strong gains in flooring, vehicle leasing and the elimination of losses in transport activities. DIY group is responsible for half of the interim increase in sales and, despite an interim loss, is expected to come good in the full year. The uncovered dividend reflects Marley's confidence in a good second half. The share, lost 1p yesterday and at 43p the yield is 7.7 per cent.

Lake and Elliot plunges to £445,000 loss

IN THE first half to March 31 1982 steel castings manufacturer Lake and Elliot slumped to taxable losses of £445,000 compared with profits of £206,000 for the previous first half. The six months to January 31 1981. Sales slipped from £13.05m to £12m.

However, the interim dividend is being maintained at 1p net per 25p share. For the last accounting year, the 14 months to September 30 1981 the group made a total payment of 2.5p per pre-tax profit of £917,000.

The directors say that although market conditions remain extremely difficult throughout the group, the current level of orders on hand is encouraging and provided this level of intake continues, the group should be

in profit by the year end, albeit at a much reduced level to that achieved last time.

In the steel foundry industry, over capacity continues and under severe market conditions the valve division has had a difficult first half but the order position is now improving, they say.

Exports increased, but in the home markets problems were experienced. This applied to all subsidiaries with the exception of the fastenings company, where improved demand and profitability enabled it to expand facilities.

The U.S. subsidiary Hindle-Hamer Inc, acquired last year, performed well and made a welcome and encouraging contribution, the directors add.

The pre-tax losses were struck after reduced interest costs of £211,000 (£230,000), and there was again no tax charge.

Hamer is washing its face of finance charges, and the company is negotiating a further acquisition in the hunt for profit margins, which have been falling even as costs are being cut. Lake and Elliot's minimum target of a 10 per cent return on sales, which has not been achieved since 1976, is still just a target. The company's joint venture in Singapore, which started in October, seems to have run into problems, albeit not costly, and Lake is now looking for a new partner. At a cost of £100,000 the interim has been maintained, but even with full years profits predicted, the goal is not certain to be maintained. At 42p, down 8p, the yield over the last 12 months is about 7 1/2 per cent.

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Minority interests took £139,000 (nil). A net profit of £220,000 was made on the sale of 40 per cent of the company's wholly-owned subsidiary, Irish Bank of Commerce, to Credit Commercial de France.

First results from Telfos

THE FIRST results of Telfos Holdings show that for the 11-day period from December 21 1981 to December 31 1981, the metals group, made profits of £2,000, on sales of £105,000. There is no tax.

Telfos became the holding company of the Charles Clifford Industries group on December 31 last year, following a scheme of arrangement. Last November it was announced that the loss-making Charles Clifford was to undergo a major reorganisation involving a corporate structure, involving a rights issue to raise £1.7m net.

A new holding company, Ferrous Protection, was formed

and this later changed its name to Telfos Holdings. Telfos being a brand name of one of Clifford's products.

Results of the old Charles Clifford group for the period from January 1 1981 to December 20 1981 reveal a pre-tax loss of £248,000, on sales of £7.81m. At the trading level, the old group made a profit of £146,000, but this was wiped out by interest of £396,000. Net loss, after all charges, was £250,000.

Trading profits of Telfos for the 11-day period were £2,000. The share of associate's profits was £1,000, but interest took £5,000.

Since the end of the year, loss-making activities have been curtailed and certain peripheral businesses sold. Following the rights issue in January and the disposal, around £2.1m has been received which has substantially reduced group overdraft.

The directors say that trading conditions are depressed. However, management expects for the first four months of 1982 show the group to have traded at a net profit after all charges.

They state that in its slimmed-down state, the new group is set to take advantage of the much hoped for upturn in business. They believe the company will prosper in future years.

RESULTS AND ACCOUNTS IN BRIEF

Company	Period	Profit	Assets	Liabilities	Dividend
ROBERTS ADLARD (building merchant)	1981 already known	£1,033m	£1,033m	£1,033m	£1,033m
BRITTON ESTATE (property development and investment company)	1981 already known	£1,033m	£1,033m	£1,033m	£1,033m
LAGUE VIEW INVESTMENT TRUSTS	Results for year to March 31 1982 reported April 22	£78.41m (£23.86m)	£78.41m (£23.86m)	£78.41m (£23.86m)	£78.41m (£23.86m)
COATS PATONS (textile manufacturer)	Results for 1981 and proposals for 1982	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)
COSTAIN GROUP (construction and development)	Results for 1981 and proposals already known	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)
ERSKINE HOUSE INVESTMENTS (security services and bureau de change)	Results for year to March 31 1982 reported June 22	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)
MARSHALL'S UNIVERSAL (distributor of motor vehicle accessories and paper based products)	Results for 1981 and proposals for 1982	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)
SUNLIGHT SERVICE GROUP (laundry and dry cleaner)	Results for 1981 and proposals for 1982	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)
WELLS FARGO LIMITED	Results for 1981 and proposals for 1982	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)	£1,033m (£1,033m)

Banco Cafetero S.A.

US \$30,000,000

Guaranteed Floating Rate
Certificates of Deposit due 1984

For the six months
3rd June, 1982 to 3rd December, 1982

In accordance with the provisions of the Certificates, notice is hereby given that the rate of interest has been fixed at 14 1/2 per cent per annum, and that the interest payable on the relevant interest payment date, 3rd December, 1982 against each Certificate will be US\$37,807.23.

Agent Bank
Wells Fargo Limited

INTERNATIONAL COMPANIES and FINANCE

Eurobond prices hit by Canada's jumbo issue

BY OUR EUROMARKETS STAFF
EUROBOND bond prices were sharply down yesterday as the market reacted to Canada's \$750m five-year issue and the overnight weakness of the U.S. bond market.

Pabst goes for Olympia as brewing bids spread

BY DAVID LASCELLES IN NEW YORK
PABST BREWING of Milwaukee responded to an unwelcome takeover bid by Helman yesterday by hitting the acquisition trail itself and making a bid for Olympia Brewing.

Beatrice Foods expects earnings fall

BY OUR NEW YORK STAFF
BEATRICE FOODS predicted yesterday that its 30-year run of improved quarterly earnings — one of the longest in U.S. corporate history — will be snapped when it reports earnings for the first quarter ending May 31.

Chase liquidates Drysdale positions

BY OUR FRANKFURT STAFF
CHASE MANHATTAN BANK of New York said it had liquidated the Treasury debt issues it assumed from Drysdale Government Securities on May 19.

IOIC boosted by end to Iran hostages crisis

BY PAUL TAYLOR
THE RESOLUTION of the Iran hostages crisis helped the Iran Overseas Investment Corporation (IOIC), the UK-based consortium bank, 50 per cent owned by Iranian banks, to lift its pre-tax profit by 7.5 per cent to \$1.27m (\$2.3m) in the year to September 1981.

Sales rise for Dutch chemicals

BY WALTER ELLIS IN AMSTERDAM
SALES BY THE Dutch chemical industry in 1981 rose to Ft 23.9bn (\$12.85bn) from Ft 19.5bn in the previous year.

Horten outlook remains bleak

BY OUR FINANCIAL STAFF
HORTEN, the West German department store group, expects earnings to remain depressed in 1982 — even if the economy starts to pick up.

No reply yet to Mesa bid

BY OUR FINANCIAL STAFF
MESA PETROLEUM, the independent Texan oil group, said it still had not received a formal reply from Cities Service regarding Mesa's \$3.8bn bid offer.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday June 16.

Table with columns: U.S. DOLLAR, STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE BONDS, DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, YEN STRAIGHTS. Lists various bond issues with details like amount, maturity, and yield.

Grupo Alfa \$120m loss

BY OUR FINANCIAL STAFF
LOSSES at Grupo Industrial Alfa, Mexico's largest private holding company, were spelled out in Monterrey yesterday by Mr Bernardo Garza Sada, president.

Royal Bank of Canada sees decline

BY ROBERT GIBBENS IN MONTREAL
CANADA'S largest chartered bank, the Royal Bank of Canada, had a better performance in the second quarter of this year compared with the first, but earnings generally for fiscal 1982 are not expected to match those of fiscal 1981.

International Thomson links with Jensen

BY OUR FINANCIAL STAFF
INTERNATIONAL THOMSON ORGANISATION, which holds substantial oil and gas interest through its 20 per cent stake in Piper and Claymore, two of the major oilfields in the UK North Sea, is extending its energy activities in Canada with the formation of a partnership with privately-owned R. D. Jensen Holdings. The partnership, to be known as Thomson-Jensen Energy, will participate in the acquisition and exploration of oil and gas properties.

Advertisement for The Long-Term Credit Bank of Japan Finance N.V. and The Long-Term Credit Bank of Japan, Limited. Includes text: 'U.S. \$60,000,000', 'Guaranteed Floating Rate Notes Due 1992', and a grid of bank names like LTCB International Limited, Credit Suisse First Boston Limited, etc.

American Stores first quarter gain

BY OUR FINANCIAL STAFF
EARNINGS HAVE nearly doubled in the first quarter to the end of April at American Stores, whose strong position in the prosperous Sun Belt states has enabled it to buck the generally dull trend in retailing.

May 1982

This announcement appears as a matter of record only



KINGDOM OF SPAIN
US \$450,000,000

Term Loan
Lead Managed By:

Banco Hispano Americano, S.A.
Crocker National Bank
IBJ International Limited
The Long-Term Credit Bank of Japan, Limited
Caja de Ahorros Municipal de Bilbao
(Banco Savings Bank)

Citicorp International Group
The Fuji Bank, Limited
Lloyds Bank International Limited
Marine Midland Bank, N.A.
Caja de Barcelona

Amsterdam-Rotterdam Bank N.V.
Banco Español de Crédito (BANESTO)
Irving Trust Company
Republic Bank Dallas, N.A.
Security Pacific Bank
The Taiyo Kobe Bank, Limited

Arab Bank for Investment and Foreign Trade
(ABIFT) Abu Dhabi

Banco de Vizcaya
The Nippon Credit Bank, Ltd.
The Sanwa Bank, Limited
The Sumitomo Trust and Banking Co., Ltd.

The Chuo Trust and Banking Company, Limited
First Pennsylvania Bank N.A.
The Kyowa Bank, Ltd.
The Tokai Bank, Limited

First Interstate Bank of California
Industrial National Bank of Rhode Island
Mellon Bank
Banco Popular Español, S.A.

Algemene Spaar-en Lijfrentekas,
Caisse Generale d'Epargne et de Retraite
Mercantile Trust Company N.A.

The Daiwa Bank, Limited
Rainier National Bank

Banco Hispano Americano, S.A.
The Fuji Bank, Limited
The Long-Term Credit Bank of Japan, Limited
Citibank, N.A.
Marine Midland Bank, N.A.
Arab Bank for Investment and Foreign Trade (ABIFT) Abu Dhabi
The Nippon Credit Bank, Ltd.
The Sumitomo Trust and Banking Co., Ltd.
Caja de Ahorros Municipal de Bilbao (Banco Savings Bank)
Security Pacific Bank
Republic Bank Dallas, N.A.
First Interstate Bank of California
Industrial National Bank of Rhode Island
Mellon Bank
Banco Popular Español, S.A.

Lloyds Bank International Limited
The Industrial Bank of Japan, Limited
Banco Español de Crédito (BANESTO)
Crocker National Bank
Amsterdam-Rotterdam Bank N.V.
Banco de Vizcaya
The Sanwa Bank, Limited
The Taiyo Kobe Bank, Limited
Caja de Barcelona
Irving Trust Company
The Chuo Trust and Banking Company, Limited
First Pennsylvania Bank N.A.
The Kyowa Bank, Ltd.
The Tokai Bank, Limited
Algemene Spaar-en Lijfrentekas
Caisse Generale d'Epargne et de Retraite
Mercantile Trust Company N.A.
Bank fuer Arbeit und Wirtschaft AG
Banco de Andelucia, S.A.
Banco do Estado de São Paulo S.A. (London Branch)
First National Bank of Atlanta
Banco Herrero

Agent Bank
Lloyds Bank International Limited

France's paper industry fights for survival. **David Housego reports**
Fingers crossed at Darblay

CHAPELLE-DARBLAY, the French paper manufacturer which accounts for 90 per cent of domestic newsprint production, filed for bankruptcy 18 months ago—a victim of a similar malady of outdated plant and higher costs of energy and imported pulp that has inflicted other EEC producers.

After a brief recovery four years ago, when it recorded profits of FFr 2m (\$325,000) in 1978 and FFr 27m in 1979, Darblay fell back into the red in 1980 with a loss of FFr 157m on a turnover of FFr 1.2bn. Total claims by creditors when the company filed for bankruptcy amounted to FFr 910m. Of this about FFr 290m was due to suppliers—many of them manufacturers and traders in the Rouen area, where Darblay has its two major plants and whose future is now closely linked to the fate of the group.

Worried by the political impact that the closure of a company with a total workforce of 4,500 could have had on last May's presidential election, the former Government of President Giscard d'Estaing decided to cover the company's losses and keep it temporarily afloat. Ownership of Darblay is split between the state investment institution IDI and Paribas (now also nationalised).

But there seems little doubt that the ultimate intention was to let the company (or at least its major units) fold, in the belief that France should discard its traditional high cost industries. Newsprint production costs at Darblay are about 25 per cent above those of Scandinavia and 60 per cent above Canadian costs.

The Socialists have rejected this solution as defeatist—M. Pierre Dreyfus, the Industry Minister, says no major sector of industry can be regarded as "condemned." Among reasons put forward for attempting to rescue at least parts of Darblay through a modernisation plan are:

- The strategic importance for France of maintaining an independent domestic source of newsprint supply. This logic has been accepted by successive governments and lies behind French newsprint manufacturers being provided with a guaranteed market and being paid, through an official subsidy, 81 per cent above the going international price. In spite of this French newsprint production fell from 445,000 tonnes in 1970 to 260,000 tonnes in 1980. Darblay's output of newsprint in 1981 was 235,000 tonnes or 55 per cent of total group production.
- The scope for reducing France's trade deficit in paper and pulp products. This reached FFr 5.7bn in 1981 (the equivalent of about 10 per cent of France's overall trade deficit), of which FFr 950m was in newsprint. The combination of large sales in France and extensive French forest reserves is seen as a strategic base for a domestic industry geared to a "reconquest of the domestic market."
- Closure would add seriously to unemployment in a politically sensitive area. Of the 4,500 jobs at stake at Darblay, about 2,500 are at Grand-Couronne and St Etienne-du-Rouvray, neighbouring factories on the Setne on the outskirts of Rouen. But unions believe that the ripple effect from a closure would be the loss of about 6,000 jobs in the Rouen area. The area already has one of the highest rates of unemployment in the country and is also in a Socialist-Communist belt.
- Since the late 1970s 14 rescue plans have been drawn up in an attempt to save Darblay, which is also a substantial producer of coated paper for magazines. In fact, it seemed that the former Government had itself embarked on a rescue plan when it twisted Paribas' arm in 1978 to help finance FFr 275m of Darblay's investment.

This comprised FFr 200m for a new paper making machine at St Etienne and FFr 75m for generating plant at Grand-Couronne. Most of the equipment at the two factories, which together account for Darblay's newsprint production, dates from before the Second World War. This initial investment was to have been part of an overall FFr 1bn modernisation plan that would have also embraced the company's third factory at Corbeil-Essonnes. But it was abandoned in 1980 in the face of rising losses at Darblay and the advancing competition of the Scandinavians and North Americans in West European markets. Part of the bitterness of the unions—the Communist-led CGT, which is demanding the nationalisation of Darblay, is by far the strongest—is the result of this unexpected turnaround.

All the plans depend on a continuing subsidy for French newsprint production, and for varying degrees of state investment.

In addition, industry executives see no way that newsprint production could yield commercial return on capital for several years.

Torn between anxiety to maintain the competitiveness of French industry, the already heavy demands on the budget, union and employment considerations and the strategic importance of the paper industry, the Government is still reserving judgment. The price of delay is that it continues to cover losses which amounted to FFr 164m in 1981 and are expected to be down to FFr 100m this year as a result of labour saving.

These losses take into account a 12-month freeze on wages and a continuing freeze on financial charges.

The two proposals that appear to have found most support in the Ministry of Industry—the Government department where the initial decision lies—both involve the dismantling of Darblay and a strong Scandinavian participation. As such they have run into opposition from both the unions and the French paper industry. French manufacturers believe that Scandinavian companies want control of Darblay's distribution network. Its subsidiary Papeterie Navarre has 10 per cent of the market—and to pave the way for increasing Scandinavian paper imports.

The first proposal is based on a consultancy plan put forward by the major Scandinavian producers, Stora Kopparberg of Sweden and Tempa of Finland. It would involve a FFr 400m investment at Grand-Couronne spread over four years. The plant would continue to concentrate on newsprint production with a slightly expanded capacity of between 120,000 and 140,000 tonnes and the possibility of doubling this later. A major reduction in costs would be achieved by using French wood and waste paper as raw materials instead of imported wood from Canada and Russia. But Stora appears reluctant to put up any of the finance. The plan could also involve the closing of St Etienne.

For the St Etienne plant, the proposal under study has been put forward by Modo, the large Swedish group, which has recently taken a 49 per cent holding in Cellulose d'Albiay (formerly part of the now defunct Groupement Europeen de Cellulose—GEC) and which manufactures chemical pulp near Rouen. The plan would be to transform the factory away from newsprint and towards wood-free printing and writing papers—drawing on raw materials from nearby Cellulose d'Albiay. Modo would bear the cost of the investment but would require the Government to bear the redundancy costs involved in reducing the workforce from 1,270 to 700.

As a result of hostility to both these plans, the Government has commissioned a fresh study from Beghin-Say, the French paper and sugar manufacturer. The group recently opened a new coated paper plant at Corbeil in the Pas-de-Calais. The origins of the study lie in a recent semi-official report on the potential development of the French newsprint industry focused on both Darblay and Beghin-Say. But total investment could run up to FFr 1bn and would depend on state funds.

Darblay's creditors as well as the unions involved are pressing for a rapid decision. As in the steel and textile sector, the Government's response will be an important test of how it balances the demands of traditional industries against those of its high technology information industries. It does not have the resources to do everything.

RECENT PERFORMANCE

	Net profit/loss
	FFr
1978	2m
1979	27m
1980	*157m
1981	*164m
1982	*100m estimate
* Loss	

Rauma-Repola falls short of profit target

By Lance Keyworth in Helsinki

RAUMA-REPOLA, the Finnish forest products, engineering and shipbuilding group, increased net earnings in 1981 by 1 per cent to FM 56m (\$14m), although turnover rose by 15 per cent to FM 3.79bn. It maintained its dividend at 10 per cent.

The company reports that its result was "not as good as expected." The mechanical woodworking division ran up a loss, and the shipbuilding and engineering divisions did better than in 1980 but failed to meet their targets.

● Huhtamaki, the conglomerate with interests in the food, beverages, pharmaceuticals, plastics, packaging and engineering, reports a satisfactory result for 1981. Net sales increased by 15.8 per cent to \$410m, of which exports accounted for 28 per cent. Net earnings increased from \$2.6m to \$4.4m.

Standard Telephone

The initials STC are the registered trade mark of Standard Telephone and Cables. Their use in a recent article concerning the Scandinavian Trading Company was inadvertent.

PHW in Japan marketing deal

BY JONATHAN CARR IN BONN

PHW WESERHUTTE (PHW), the West German group specialising in mining and mechanical handling equipment, has reached an agreement which it sees as a first step to opening up the difficult Japanese market.

PHW and Kajima Corporation of Tokyo have agreed jointly to offer coal handling equipment, built largely with know-how from PHW, on the Japanese market.

For PHW the agreement means a breakthrough in a country where it has long seen good prospects but where, until now, it had failed to find a suitable partner.

Herr Peter Jungen, board chairman, stressed at the annual press conference that Japan was already a major coal importer and was likely to double coal consumption over the next two decades.

Much of Japan's future coal was likely to come from Australia, where PHW already had a very strong foothold, not least as supplier of materials handling plant for the continent's biggest coal export plant at Newcastle. PHW thus stood to gain increasing business at both ends.

Looking ahead, Herr Jungen

saw a further increase in overall sales and earnings this year—but not such a dramatic boost in incoming orders as in 1981.

Last year the group orders intake rose by 29 per cent to DM1.2bn (\$506m) and parent company orders increased by 35 per cent to DM987m—mainly as a result of the drive by customer countries to invest in all substitutes, principally coal.

Herr Jungen noted that demand could not be expected to continue to expand so rapidly, not least because of the stabilisation of the oil price.

O and K looks for recovery

BY OUR BONN CORRESPONDENT

ORENSTEIN and Koppel, the West German engineering group, hopes to cut its losses further this year and move back into profit in 1983.

The company said it was making good progress with its rationalisation plan and expected buoyant industrial plant sales. On the other hand, sales of building equipment, an O and K speciality, were likely to stay weak.

The annual press conference

was told that last year O and K reduced losses to DM 46.9 (\$20m) from DM 49.6m in 1980 (after a profit of DM 5.8m in 1979).

Board members emphasised that costs had been cut, production was being concentrated on fewer factories and the product palette itself had been revised. However, these rationalisation measures themselves had initially been costly to introduce and would only be seen to pay off in the longer term.

Further, O and K—like its domestic competitors—had been hit badly last year by the weakness of the domestic economy and of the construction industry in particular. Group turnover had marked time at DM 1.3bn—but within that figure domestic sales had fallen by 24 per cent to DM 425m. The major boost came from exports (up 36.5 per cent to DM 385m) and from the sales of foreign subsidiaries (up 6 per cent to DM 457m).

The Pacific Telephone and Telegraph Company

has become a wholly owned subsidiary of

American Telephone and Telegraph Company

The undersigned acted as financial advisor to The Pacific Telephone and Telegraph Company in this transaction.

Dillon, Read & Co. Inc.

May 13, 1982

US \$100,000,000

Merrill Lynch Overseas Capital N.V.
(Incorporated with limited liability in the Netherlands Antilles)

Guaranteed Floating Rate Notes due 1984
Unconditionally Guaranteed by

Merrill Lynch & Co. Inc.

In accordance with the terms and conditions of the above-mentioned Notes and Fiscal Agency Agreement dated as of November 15, 1981, between Merrill Lynch Overseas Capital N.V., Merrill Lynch & Co., Inc., and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 14 1/2% pa and that the Interest payable on the relevant Interest Payment Date, September 3, 1982, against Coupon No. 3 in respect of US\$100,000 nominal of the Notes, will be US\$370.56.

June 3, 1982
By: Citibank, N.A., London, Agent Bank **CITIBANK**

Weekly net asset value

Tokyo Pacific Holdings (Seaboard) N.V.
on June 1st 1982, U.S.\$57.71

Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding & Pierson N.V., Horengracht 214, 1016 BS Amsterdam.

VONTobel EUROBOOND INDICES
145.76 = 100%

	1.8.82	25.8.82	AVERAGE YIELD	1.8.82	25.8.82
DM Bonds	95.10	95.33	DM Bonds	9.081	9.034
HFL Bonds & Notes	99.67	99.81	HFL Bonds & Notes	10.014	9.885
U.S. \$ Str. Bonds	90.54	90.70	U.S. \$ Str. Bonds	13.918	13.897
Can. Dollar Bonds	92.17	91.96	Can. Dollar Bonds	15.294	15.341

This advertisement complies with the requirements of the Council of The Stock Exchange.

Texas Eastern Finance N.V.
(Incorporated in the Netherlands Antilles)

\$60,000,000

15 3/4% Guaranteed Notes Due 1989
Guaranteed as to Payment of Principal, Premium, if any, and Interest by

Texas Eastern Corporation

Offering price: 100% of the principal amount, plus accrued interest, if any, from June 1, 1982.

The following, among others, have agreed to subscribe for the Notes:

Dillon, Read Overseas Corporation **Swiss Bank Corporation International Limited**

Banque Nationale de Paris **County Bank Limited** **Credit Lyonnais**

Deutsche Bank **IBJ International Limited** **Kredietbank International Group**

Orion Royal Bank Limited **Union Bank of Switzerland (Securities) Limited**

S.G. Warburg & Co. Ltd.

The Notes constituting the above Issue have been admitted to the Official List by the Council of The Stock Exchange, subject to the issue of the temporary global Note.

Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours (Saturdays excepted) up to and including 17th June, 1982 from the Brokers to the Issue:—

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

3rd June, 1982

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Drop in sugar price hits CSR

BY MICHAEL THOMPSON-NOEL IN SYDNEY

CSR, Australia's third largest company, made a net profit of A\$2.4m (US\$86.3m) in the year to March 31 1982, a fall of 26.5 per cent on 1981-82.

The outcome was in line with recent forecasts, and primarily reflected a slump in earnings from the group's sugar division, where profit in 1981-82 was more than halved, at A\$22.1m against A\$68.5m previously.

The company's building materials division marked time, with a net profit of A\$23.3m against A\$22.1m, and there was a reduced contribution from aluminium and chemicals at A\$3.5m compared with A\$11.1m.

However, the energy division showed an improved profit of A\$23.4m, up from A\$15.5m, and profit from minerals was better at A\$6.3m against A\$6.1m.

A final dividend of 9 cents per share is being recommended, for an unchanged total distribution for the year of 18 cents per share.

Group revenue showed a 3.5 per cent fall, at A\$1.76bn, while operating profit (before interest of A\$74m and income tax of A\$35.2m), was 30.3 per cent lower at A\$154m.

The directors said slower growth in most export markets had seriously affected commodity demand prices. Export prices for sugar had fallen steeply, and lower prices also affected the group's distilleries, its Indonesian tin-mining interests, and its Mt Gunson copper mine.

Capital expenditure during the year was A\$455m, including A\$147m in equity and loans to Delhi Australia Fund (DAF), a financing trust sponsored by CSR, and to Delhi Petroleum, the operating company controlled by the fund.

The main capital outlays in the year ahead, said the company, would include a total of A\$182m on coal interests; A\$50m on DAF; A\$25m on the Pomona aluminium smelter and A\$180m on other ventures.

Michael Thompson-Noel explains why key stakes in the Cooper Basin oil and gas-liquids project have changed hands

Bond cashes in for A\$188m

MR ALAN BOND, chairman of Bond Corporation, does not suffer vertigo. Last night, in his suite of offices on the 29th floor of the Stock Exchange building in Sydney's Bond Street, this famous survivor of the Australian business scene was calmly surveying the latest coup—the sale, late yesterday, of the bulk of his group's shareholding in Santos, the South Australian oil and gas producer.

In a deal that had been preceded by intense speculation, Mr Bond sold 13.33 per cent of Santos to the National Mutual Life Association of Australasia, the country's second largest life office, for A\$136.2m (U.S.\$143.6m)—retaining a nominal 1.67 per cent.

On Tuesday, Bond Corporation offloaded its entire stakes in Reef Oil and Basin Oil, which together with Santos are among the partners in the Cooper Basin development, Australia's most valuable onshore oil and gas project.

The proceeds of these transactions total A\$188.5m. All of it is being used to reduce Bond's ever-pressing debts—put by Mr Bond a few weeks ago at around A\$250m.

Thus, with a skip and a bound, Bond Corporation has transformed its position from one of painful over-gearing to quite the reverse.

"We are now substantially undergeared," Mr Bond said yesterday quite seriously, agreeing that the new look of Bond Corporation, short of its stake in the Cooper Basin and with its prime assets now in brewing and property, looked somewhat tamed and sedate.

Now that everyone will be pleased "it will be less exciting for our Australian shareholders," said Mr Bond. "They like their risk analysis factor."

The sale of Bond's stake in Santos was not unexpected. Last September, when Bond Corporation bought Western Australia's Swan Brewery with the aid of an A\$130m loan, Mr Bond said that something would have to be sold, to reduce group debt.

What was not expected, at least in Australia, was the scale or scope of his Cooper Basin disposals. Mr Bond has pulled right out of what many regard as the country's most exciting energy project. Yet the Cooper Basin liquids scheme will not yield significant cash flow for at least another two years.

A combination of at least three factors may have been at work:

- Trading losses incurred by Watkon Bond in its recent Simplicity Pattern transactions, which are thought to have cost at least A\$7m;
- Further losses experienced in the group's industrial division in the past 12 months, due to depressed economic activity in Western Australia;
- Current high interest rates, which are cutting a swathe through boardrooms across Australia.

Of the Santos deal, Mr Bond said yesterday: "Bond is effecting the majority of the group's debts on a long term basis, with a consequent reduction in gearing. We may not always pursue our long term objectives as some other companies do. Nevertheless, it is this sometimes unorthodox approach which has got Bond Corporation where it is today."

In any case, he said, there would be another energy and mineral project for Bond to apply itself to, via Pacific Copper, of which it holds 20 per cent, and Endeavour Resources.

The main planks of the Bond Corporation now are Swan Brewery and Watkon Bond. The latter has property assets valued by Mr Bond recently at more than A\$200m.

But Swan is the apple of his eye. He predicted recently that its cash flow over the next five years was likely to average A\$50m-A\$60m a year, and he said that its under-utilised assets would be used to help pump a "tremendous volume" of beer into South-east Asia.

Last night, it could be said, Houdini was alive and well and talking the 29th floor of the Sydney Stock Exchange building.



Mr Alan Bond

Midway earnings rise at Herald and Weekly Times

BY OUR SYDNEY CORRESPONDENT

THE MELBOURNE-based Herald and Weekly Times has reported a 17.6 per cent increase in net profit for the six months to March 31, to A\$12.43m (US\$13m).

The result represents 13.1 cents a share, against 11.1 cents a share, and was after A\$7.82m of tax and an allowance of A\$1.5m for depreciation.

Turnover was 15.9 per cent higher at A\$173m. The interim profit before tax, minority interests and extraordinary items was A\$20.72m, up from A\$17.96m.

The group is still the subject of a A\$132m partial take-over bid by Mr Robert Holmes & Court's Bell group, which is bidding for 50.1 per cent. The Bell offer was initially rejected outright, because it was partial, conditional and contained "many unsatisfactory features."

But the offer deadline has been extended to July 26. Most shareholders are awaiting the outcome of an Australian Broadcasting Tribunal hearing on the offer.

First-half downturn for KLK

BY WONG SULONG IN KUALA LUMPUR

KUALA LUMPUR KEPONG (KLK), Malaysia's fourth largest plantation group, suffered a 28 per cent drop in after-tax profit to 13.7m ringgit (US\$6m) for the half-year ended March.

The downturn was largely due to the depressed rubber price which has fallen by more than 40 per cent in two years. The group recorded a 37 per cent drop in pre-tax earnings to 15.5m ringgit on turnover down 25 per cent to 61.4m ringgit.

Earnings from overseas investments were lower but this was offset by a sharp increase in contributions from associated companies.

Rubber production was marginally lower at 8.3m kilos due to lower yields and prices obtained were a good 30 per cent lower at 204 cents per kilo.

Output of palm oil rose by 13 per cent to 182,000 tonnes due to better yields and a larger marketing acreage and prices obtained were 5 per cent higher at 811 ringgit per tonne.

KLK is expected to pay an interim dividend later in the year. The interim pay-out for 1980-81 was 2.5 cents per share.

U.S. \$30,000,000

The Korea Development Bank
(Incorporated in the Republic of Korea under The Korea Development Bank Act of 1953)

Floating Rate Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 3rd June, 1982 to 3rd December, 1982 the Notes will carry an Interest Rate of 14 1/2% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$75.30.

Credit Suisse First Boston Limited
 Agent Bank

The Industrial Bank of Japan Finance Company N.V.
 US\$50,000,000
 Guaranteed Floating Rate Notes Due 1985

In accordance with the provisions of the Reference Agency Agreement between The Industrial Bank of Japan Finance Company N.V., The Industrial Bank of Japan Limited and Citibank, N.A., dated November 28, 1978, notice is hereby given that the Rate of Interest has been fixed at 14 1/2% pa. and that the interest payable on the relevant Interest Payment Date, December 3, 1982, against Coupon No. 8 will be US\$74.98.

June 3, 1982
 By: Citibank, N.A., London, Reference Agent **CITIBANK**

AUSTRALIAN OIL & GAS BULLETIN

Quentin Cameron has edited this newsletter for the last 15 years and it is mandatory reading for all those concerned with this sector. Highly respected and reliable, it provides a fortnightly update on all exploration activities plus informed and trusted comment on exploration companies, their management, financial structure and activities.

Annual subscription (incl. Annual) ESO Colin M. Newman, 2 Oakdene, 74 Portmore Park Road, Weybridge, Surrey. Tel: Weybridge 52255. Telex: 929988 or Quentin Cameron, 5 Rupert Terrace, Ascot, 4007, Queensland, Australia.

Sharp advance at UEB

BY DAI HAYWARD IN WELLINGTON

UEB INDUSTRIES, one of New Zealand's large industrial companies heavily involved in packaging and carpet manufacturing, has achieved a 50 per cent jump in profits to NZ\$15.5m.

Sales were 6 per cent higher at NZ\$241m although exports showed only a marginal increase from NZ\$38m to NZ\$39m.

The company suffered from a shortage of yarn for carpet manufacture during the year because of a fire in one of its plants.

UEB is to make a one-for-ten scrip issue and will pay a dividend of 25 cents a share.

KD bond issue by Orient Leasing

The bonds will be sold mainly in Kuwait and nearby countries but will also be offered on the London Stock Exchange.

The coupon rate on the five-year bonds will be set at 12.75 per cent per annum, somewhat lower than the 15.5 per cent to 16 per cent on U.S. dollar bonds of the same duration.

The company will also issue \$20m of dollar-denominated convertible debentures in London on June 15. An underwriting agreement has been signed with a syndicate lead by Daiwa Europe, based in London. The coupon rate on the 15-year bonds has been set at 6.25 per cent per annum, Kyoto.

NEW ISSUE

The Debentures have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States of America or to nationals or residents thereof. These Debentures having been sold, this announcement appears as a matter of record only.

JUNE 1982

U.S. \$50,000,000

IPF (Illinois Power Finance) Company N.V.
(Incorporated with limited liability in the Netherlands Antilles)

14 1/2% Guaranteed Debentures Due 1989

Unconditionally guaranteed as to payment of principal, premium, if any, and interest by

Illinois Power Company
(Incorporated in Illinois)

Credit Suisse First Boston Limited

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 Banque Nationale de Paris Banque de Paris et des Pays-Bas County Bank Limited
 Dresdner Bank Girozentrale und Bank der österreichischen Sparkassen
 Merrill Lynch International & Co. Samuel Montagu & Co. Limited

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Banque Populaire Suisse S.A. Luxembourg	Banque Privée de Confiance Financière	Banque Worms	Baring Brothers & Co.	Berlin, Stearns & Co.
Bayerische Hypothek- und Wechsel-Bank	Bayerische Landesbank Girozentrale	Bayerische Vereinsbank	Bear, Stearns & Co.	Blyth Eastman Price Webber
Joh. Neumann, Gumbel & Co.	Berliner Handels- und Finanzagentur Bank	Blyth Eastman Price Webber	Calson des Dépôts et de Comptabilité	Cassa di Risparmio di Genova e Imperia
Caritas Bank	Compagnie de Banque et d'Investissements, CBI	Crédit Lyonnais	Crédit du Nord	Creditanstalt-Bankverein
Dai-ichi Kangyo International	Daiwa Europe	Deutsche Bank	Deutsche Girozentrale	DG Bank
Dresdner Bank	Effectus-Warburg	Europabank	Europas Bank Group	Genossenschaftliche Zentralbank AG
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London Office International S.A.	LTCB International	Morgan Guaranty & Co.	Morgan Guaranty Ltd	Nations International
Morgan Stanley International	The Nikko Securities Co. (Europe) Ltd.	Norfolk Bank PLC	Orion Royal Bank	Orion Royal Bank
Österreichische Landesbank	Pictet International Ltd.	Picsons, Hebling & Pison N.V.	Salomon Brothers International	Salomon Brothers International
Scandinavisk Bank	Schöller, Mischonrey, Hengst & Co.	J. Henry Schroder Wagg & Co.	Smith Barney, Harris Upham & Co.	Smith Barney, Harris Upham & Co.
Société Européenne de Banque S.A.	Société Générale de Banque S.A.	Standard Chartered Merchant Bank	J. Vostobel & Co.	J. Vostobel & Co.
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S. G. Warburg & Co. Ltd.	Westfälische Landesbank Girozentrale	Wood Gundy	Yamichit International (Europe)	Yamichit International (Europe)

NEW ISSUE

The Notes have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States of America or to nationals or residents thereof. These Notes having been sold, this announcement appears as a matter of record only.

JUNE 1982

U.S. \$125,000,000

Superior Overseas Finance N.V.
(Incorporated with limited liability in the Netherlands Antilles)

14% Guaranteed Notes Due 1989

Unconditionally guaranteed as to payment of principal, premium, if any, and interest by

The Superior Oil Company
(Incorporated in Nevada)

Credit Suisse First Boston Limited

Banque Nationale de Paris	Banque de Paris et des Pays-Bas
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Morgan Stanley International	Salomon Brothers International
Swiss Bank Corporation International	Union Bank of Switzerland (Securities) Limited
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Manufacturers Hanover	Merrill Lynch International & Co.	E. Metzler, Seel, Sehn & Co.	Samuel Montagu & Co.
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M. M. Warburg, Pinckney, Wirtz & Co.	Westfälische Landesbank Girozentrale	Williams & Glyn's Bank	Yamichit International (Europe)

COMMODITIES AND AGRICULTURE

Foot and mouth in W. Germany

Foot-and-mouth disease has broken out in the West German State of North Rhine-Westphalia following recent outbreaks in neighbouring Denmark and East Germany...

Brazil to curb cocoa output

The Brazilian cocoa authority, CEPLAC, has bowed to the reality of world overproduction and slashed its planting programme 'Procaçu'...

Sharp drop in tin market

TIN PRICES tumbled again on the London Metal Exchange yesterday. Cash tin closed £205 lower at £6,470 a tonne...

A strike with little sting

FREE MARKET nickel prices fell yesterday wiping out gains following the start of a strike at International Nickel's (Inco) Sudbury mines in Canada...

N. Zealand signs lamb deal with Iran

NEW ZEALAND has signed an ERM deal to supply Iran with more than 60,000 tonnes of lamb this season...

India to sell rice to Russia

INDIA EXPECTS to export 1m tonnes of rice to Russia and other countries this year in spite of a precarious stock of food grains...

Farmland prices rise

BRITISH FARMLAND prices moved sharply higher in April, hitting the February/April average for vacant possession land...

Danish farm aid attacked

DANISH farmers' organisations have declared a government programme for aid to agriculture both inadequate and ideologically unacceptable...

Talks on manioc quotas

BRUSSELS—Two senior EEC officials have flown to Bangkok for talks later this week on the operation of Thailand's 5m tonne quota for manioc sales...

BRITISH COMMODITY MARKETS

Table with columns for Base Metals, Copper, Lead, Zinc, Tin, and various grades and prices.

PRICE CHANGES

Table showing price changes for various commodities like Wheat, Barley, Cotton, Jute, Wool, Potatoes, etc.

GOLD MARKETS

Table showing gold prices in London, Zurich, and other markets.

LONDON FUTURES

Table showing futures prices for various commodities in London.

Table with columns for Financial Times, Dow Jones, and Moody's indices.

Table with columns for Reuters and other market indices.

Table with columns for various market indices and prices.

Table with columns for various market indices and prices.

Advertisement for InterCommodities Limited, featuring the headline 'Does your intelligence need improving?' and details about their market reports.

Advertisement for SOYABEAN MEAL, detailing product specifications and contact information.

Advertisement for MEAT/VEGETABLES, listing various products and prices.

Advertisement for UK sugar output, discussing the EEC Commission's decision on sugar export quotas.

NOISE IN BRITISH INDUSTRY

Removing the 'occupational hazard' of deafness

BY RAYMOND SNODDY

EARLIER THIS year Mr Ron Leighton, Labour MP for Newham NE, introduced his Industrial Deafness Bill in the House of Commons. This short Bill would, at a stroke, have widened the definition of the grounds for industrial deafness...

It is also becoming increasingly costly for employers. Such hearing loss is now the single largest cause of industrial injury claims and Lord Justice Lawton, in a recent appeal in which damages were raised from £3,250 to £4,500, warned that hearing loss cases, once a trickle, could become a flood.

There are no precise figures for those at risk from industrial noise. Damage varies with the type of noise, the length of exposure and the susceptibility of individual ears. But about 600,000 workers in Britain are probably exposed to 90dB(A) and above.

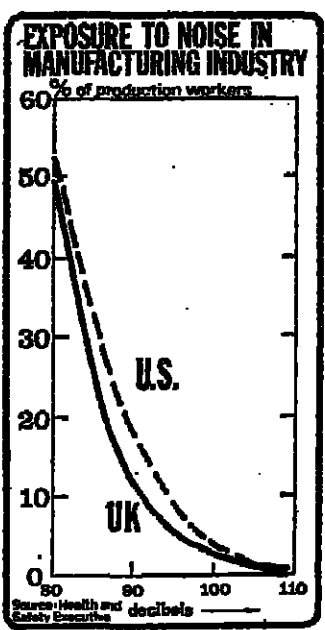


A Bilson noise survey in Bracknell, Berks.

Congress wants the action level to be 85dB(A) and for the emphasis in achieving this to be on the employer making the working environment safe by reducing noise at source rather than placing the burden of action on employees by expecting them to wear hearing protection.

governmental financial incentives to encourage industry to co-operate to promote noise control programmes. Mr Dick Eberlie, a CBI spokesman commented: "Industries do not want their workers going deaf and reasonable costs are acceptable. Massive costs which slow down investment are not."

and the Netherlands want the noise level specified to be 80dB(A) via a step of 85dB(A) and Britain is isolated in holding out for 90dB(A). Looked at from the European perspective, Britain has a long way to go in appreciating the extent and dangers of industrial noise according to Mr David Howell, managing director of Bilson International, hearing protection specialists.



hearing tests, the plan is to advise industry on noise control measures. At the same time as efforts are being made to persuade workers to protect their ears, there are signs of progress in making machines quieter.

COMPANY NOTICES

OESTERREICHISCHE ALPINE MONTANGESellschaft (VOEST-ALPINE) Bonds of 1965 Due 1985. 5% S.U.S. 12,000,000. 12th Drawing lot of May 14th, 1982. The Holders of the abovementioned bonds are hereby informed that this year's interest payment...

Table with columns for bank names and interest rates. Includes entries like A.B.N. Bank (13%), Allied Irish Bank (13%), American Express Bk. (13%), Amro Bank (13%), Henry Ansbacher (13%), Arbuthnot Latham (13%), Associates Cap. Corp. (13%), Banco de Bilbao (13%), BCCI (13%), Bank Hapoalim BM (13%), Bank of Ireland (13%), Bank Leumi (UK) plc (13%), Bank of Cyprus (13%), Bank Street Sec. Ltd. (14%), Bank of N.S.W. (13%), Banque Belge Ltd. (13%), Banque du Rhone et de la Tamise S.A. (13%), Barclays Bank (13%), Beneficial Trust Ltd. (14%), Bremer Holdings Ltd. (14%), Brit. Bank of Mid. East (13%), Brown Shipley (13%), Canada Perm't Trust (13%), Castle Court Trust Ltd. (13%), Cavendish Gty. Fst. Ltd. (13%), Cayer Ltd. (13%), Charter Holdings (13%), Charterhouse Japhet (13%), Choulatons (13%), Citibank Savings (13%), Clydesdale Bank (13%), C. E. Coates (14%), Comm Bk of Near East (13%), Consolidated Credits (13%), Co-operative Bank (13%), Corinthian Secs. (13%), The Cyprus Popular Bk. (13%), Duncan Lawrie (13%), Eagle Trust (13%), E.T. Trust (13%), Ereater Trust Ltd. (14%), First Nat. Fin. Corp. (15%), First Nat. Secs. Ltd. (15%).

Lloyds Bank a fresh approach to international banking. Major corporations expect a superior banking service. Lloyds Bank International can provide it, because we are integrated as a commercial and merchant bank internationally. It is this that makes us different. What's more, no bank is backed by a stronger capital structure. In an unsettled world we know there are business risks as well as opportunities. Our skill lies in combining realistic advice on complex financial problems with the resources to implement practical solutions. We are as reliable in handling trade finance as when assembling finance for the biggest of multinational projects. We are as much at home in our domestic markets overseas as in the international capital and money markets. We operate in depth across five continents and conduct business in over a hundred countries. Yet our management remains a close-knit team of professionals; and we are structured expressly to enable them to communicate freely across the globe and to our top decision makers. It's because we are integrated that wherever you deal with us - You lock into a geographic network and range of services matching the best. You tap a fund of expertise and reserve of knowledge second to none. You secure the fast and sure response that gives you the edge. A fresh approach to international banking. Lloyds Bank International.

WORLD STOCK MARKETS

Companies and Markets

NEW YORK

Table of stock prices for various companies in New York, including columns for stock name, price, and change.

NEW YORK

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Wall St mixed at mid-session

After the recent declining trend, Wall Street made a mixed showing at mid-session yesterday after a fair turnover, with some Blue Chip issues performing better than the rest of the market.

Analysts said the market is deeply oversold and bargain hunting could spur a technical rally. However, the market would probably not show any meaningful gains without some easing in interest rates, they added.

The Dow Jones Industrial Average was up a slight 0.19 at 815.16 at 1 p.m. while the NYSE All Common Index edged just a cent to 54.30. Declines edged out advances by a margin of about 50 stocks after volume at 1 p.m. of 34,929 shares.

Gains among the Blue Chips included General Motors, up to \$43.10, Merck, to \$72.00, Du Pont, to \$33.10, Procter and Gamble, to \$34.00, and International Paper, to \$35.10.

The Mesa Petroleum-Cities Service bid battle continued to attract attention. Volume leader Mesa shed 1/8 to \$18.10 while Cities Service active was off to \$37.10. Cities Service rejected Mesa's take-over bid of \$50 a share.

Oil drilling and services stocks weakened, with Schlumberger down 1/8 to \$43.10, Halliburton to \$23.10, and NL Industries to \$21.10. Sullair put on 1/8 to \$7.10, regaining some of the 1/2 decline on Tuesday. The company could not explain the activity in its stock. First National rose 1/8 to \$34.10 on news that it plans to buy back up to 1.2m of its shares.

THE AMERICAN SE Market Value Index was 0.76 easier at 264.24 at 1 p.m. Volume 2.15m.

Canada: Market relinquished part of an early morning rise, with the Toronto Composite index only a cent lower at 100.10.

Closing prices for North America were not available for this edition.

Belgium (continued): Patrofin 4,885 +100, Royale Belge 5,500 +200, Soc. Gen. Belge 5,510 +50, etc.

Holland: AGF Holding 81 +0.5, Ahold 78.5 +0.2, ANZ Group 1.50, etc.

Australia: ANZ Group 1.50, Anglo Pacific 1.40, Anglo Siam 1.40, etc.

Japan (continued): Kubota 321, Kyushu Denryoku 340, etc.

Denmark: Andelsbanken 112.2, Danmarks Bank 112.2, etc.

France: Emprunt 4 1/2 1,770 -2, Emprunt 5 1/2 1,810 -7, etc.

Italy: Assicur. Gen. 128.25 -1.75, Banca Com. Ital. 1,200 -800, etc.

Norway: Bergens Bank 108 -1, Christiania Bank 114 -1, etc.

Sweden: Alfa-Laval 198 +2, Atlas Copco 202 +2, etc.

Germany: AEG-Telef. 25.0 -0.5, Allianz Vers. 155 +0.5, etc.

Austria: Creditanstalt 214 -1, Landbank 184 -1, etc.

Belgium/Luxembourg: ARBED 1,242 -16, A.L.W. 1,562 -1, etc.

Switzerland: Alcon 120.1 -0.7, Alcon 120.1 -0.7, etc.

South Africa: Anglo American 2.7 -0.25, Anglo Consol. 2.7 -0.25, etc.

Brazil: Anglo Am. Prod. 2.7 -0.25, Anglo Consol. 2.7 -0.25, etc.

Financial Rand (US\$ 79) (Discount of 13 1/2%)

Notes: Prices on this page are as quoted on the individual exchanges. All figures are in local currency unless otherwise stated.

Source: Rio de Janeiro

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FINANCIAL TIMES SURVEY

Thursday, June 3, 1982

World Shipping and Shipbuilding

Faced with declining profits, today's ship owners and ship builders are having to concentrate on management flexibility, financial sophistication and a more accurate reading of potential markets.

Trying to cope with soaring costs

By ANDREW FISHER, Shipping Correspondent

SHIPPING, as most owners would agree in these fraught times of meagre freight rates and soaring costs, is only for those with the strongest of nerves. Anyone intending to enter the industry might also reflect whether they have some of the following qualifications: a high degree of financial acumen, a razor-sharp sense of timing, and a robust constitution.

In all the major shipping markets, profits are hard to find and too many ships are being built. A slump on the dry cargo scene has followed a period of prolonged malaise for owners of tankers, especially the sea-going gargantuan built before the oil crisis.

There are plenty of other problems, too. The developing nations are pressing ahead with their United Nations Conference on Trade and Development—orchestrated campaigns to share out more cargoes between themselves and to outlaw the handy flags of convenience used by many Western and other shipowners to keep down costs and simplify operations.

The members of the numerous conference groupings, which set the rates on key routes such as the North Atlantic and to the Far East, are finding their joint stability increasingly rocked by competition from cheaper non-conference mariners. Even the outsiders such as Mr Frank Narby's Cast company are finding the going tougher, especially in the midst of their expansion programmes. Cast, controlled in Canada and based

in Switzerland, nearly went under this year.

It was saved from sinking with a rescue package of nearly \$200m, put together by its banks and shareholders. Falling dry cargo rates had deeply eroded Cast's cashflow as it was still paying for a number of ships from yards in South Korea and Yugoslavia.

Mr Narby, who does not seem noticeably chastened by his company's recent experience, is hopeful that the combined bulk and container shipping operation will soon recover its former vigour.

But he is not particularly cheerful about the short-term state of the shipping markets. Other shipowners around the world generally share in the pessimism which has gripped the industry during one of its longest and deepest slumps this century. Until world trade, spurred on by steady growth in

the U.S. economy, comes to the rescue, shipping is unlikely to shake off this widespread gloom.

There have been healthy side-effects, however. While the idea of economising on fuel and other costs ranks fairly low in priority when bunker prices were around \$20 a ton in 1970, their subsequent rise to well over \$200 — they have eased below this in recent months — has concentrated the minds of shipowners tremendously.

Fuel-efficiency is now at a premium. Engine manufacturers, hull designers, paint companies, and shipbuilders have all played a major part in shaving huge amounts of vessels' fuel costs. The advantages will become even more obvious once markets revive, but today's cargo and passenger carriers are certainly not the fuel-thirsty and fast-steaming ships they used to be.

More and more attention is being paid to the scrapping of ships made uneconomic by depression and changing patterns of trade. The demolition trend is most marked in the big tanker sector where VLCCs and ULCCs (very large and ultra-large crude carriers) are being rapidly sold to shipbreakers in Taiwan, South Korea, and elsewhere. But the steel industry is also in trouble, so the market for scrap steel is flat.

The heyday of big tanker ordering in the late 1960s and early 1970s, before the oil crisis irretrievably changed the economics of shipping and many other industries, is now an embarrassing memory for some owners.

But with well over 100m deadweight tons of tankers surplus, to present needs, the present stepped-up rate of scrap-

ping will still leave a few more painful years for tanker operators.

Forty large tankers were sold for scrap last year. Their average age was about 11 years and several of them were equipped with the latest safety and anti-pollution equipment specified by international regulations now coming into force. The number sold represented about 5 per cent of the VLCC fleet.

Owners who reckon that \$4m from a scrapyards is not enough to justify a sale for demolition, or who hope that an upturn may be less far off than generally assumed, have either laid their vessels up in Norway, Greece or the Far East or let them be used for storage.

While some new tankers are being ordered, the future VLCC fleet will eventually be a lot slimmer than at present. In recent years, the new ordering emphasis has been on bulk carriers, mainly in the hope that coal trades would take off in a big way. Not only has this not happened, but dry cargo rates generally have plummeted since early last year. This has left many owners wondering how they will employ their new ships.

There has been much talk of owners being pushed into requesting delays from shipyards on new deliveries. But this also has a financial penalty.

Outright cancellation is another very costly option. Shipyards such as Denmark's Buxmeier and Wain with a successful bulk carrier design in the popular Panamax category — 60-80,000 dwt and able to go through the Panama Canal—are in no doubt, however, that they

will soon have to find another vessel type once present orders run out.

At this stage, it is hard to see what type owners will be queuing up to order in coming years. It may be that they are overdoing the pessimism at the moment and will react too optimistically when rates take an upward turn. Shipowners have

Across the world, shipyards have cut capacity sharply since the active days of the early 1970s, some more diligently than others.

The Japanese, still the world's largest shipbuilders, feel they have done their fair share of contracting and now see themselves increasingly under threat from South Korea where recent stress has been on expansion.

European shipbuilders, however, still believe that Japan has not cut back enough, a charge that meets with offended cries in Tokyo of misunderstandings.

But both sides are agreed that South Korea provides the main threat to renewed stability in world shipbuilding. Korean yards like Hyundai and Daewoo have obtained weighty orders in the past year or so, including some of the biggest in the world, to date.

Major container ship orders from Europe, the Middle East and the U.S. have gone their way. As non-members of the OECD (Organisation for Economic Co-operation and Development), they are not subject to direct pressure from other major building countries which are members of the Paris-based body.

If both shipowners and builders are paying a high price for past expansion and disregard of economic realities, whether real or approaching, they are now having to concentrate on management flexibility, financial sophistication, and a more accurate reading of potential markets. Today's shipping executive needs to know as much about banking, commodities and international politics as about his own industry.

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British Shipbuilders Technology cuts costs

Rising oil prices have pushed up ship operating costs and have stimulated the need for fuel efficient vessels capable of producing profits at lower freight rates.

Today's problems demand modern solutions—advanced technology is the key.

British Shipbuilders research and development facilities are respected throughout the world. These resources have been applied to developing a new generation of economic vessels.

Extensive use of computers has enabled British Shipbuilders to produce optimised designs, exploring

hydrodynamic and propulsive options to produce the most efficient match between hull and engine.

Fuel consumption is but one area that has been investigated in depth in the search for economy. Every aspect of the ship has been examined with a critical eye—coatings, materials and construction methods—to produce better ships.

New technology is assisting British Shipbuilders to move forward into a new age of economic ships designed to meet the demands of owners and markets alike.

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Hong Kong, 903 Wing On Centre, Connaught Road, Central Hong Kong. Tel: 5-438265/7. Telex: 53384 BSBHK HX

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WORLD SHIPPING AND SHIPBUILDING II

Here and on the following two pages, FT correspondents examine worldwide shipping prospects

HONG KONG

More cheerful than most

AN AFFINITY with shipping comes naturally enough to a territory whose 1,000 square kilometres have virtually no natural resources and whose economy is geared more than any other to international trading. Indeed, the historic purpose behind Britain taking Hong Kong was its potential as a base for trading up the Pearl River to Canton and along the China coast towards Shanghai.

But Hong Kong's shippers of today look far beyond the local perspective. By 1980, its fleet was second only to the United States, overtaking even that of Greece, according to Sun Hung Kai, stockbrokers.

Hong Kong has now lost one of its great shipping veterans, Mr C. Y. Tung, who died last month of a heart attack. Sir Y. K. Pao, Frank Chao of Wah Kwong, and he were the local triumvirate to which a fourth name must now be added—George Tan's Carrion Group, which last year built up a fleet from scratch to 1.7m deadweight through a series of characteristically complex deals which

left Carrion in control of the 67-ship Grand Marine Holdings.

Protection

While Hong Kong is generally thought of as a volatile and speculative place for business, its shipowners have generally taken steps to protect themselves as far as possible from the vagaries of the market. Long-term chartering, particularly a now-outmoded relationship with Japanese shipping companies which is known as "shikunisen," has been preferred.

The essence of shikunisen was that, when a Japanese operator required a ship, he would arrange that it be ordered from a Japanese yard by a foreign buyer who would then charter it back on a long-term basis to the operator at an agreed rate of profit to the foreign party. For the Japanese operator, offshore ownership of the ship gave tax advantages, while to the offshore—typically Hong Kong—owner, there was the advantage of a guaranteed income to pay off the ship, and

a written-down ship left at the end of the process.

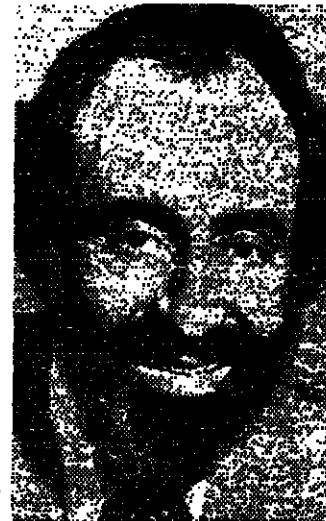
Shikunisen deals peaked 10 years ago but they helped establish Hong Kong as a shipping centre. The territory's shipping firms must now cope with shorter charters and duller worldwide markets but they are proving themselves relatively proficient in doing so, not least because of the sophisticated financial and communications infrastructure of their home base and its favourable tax climate.

Hong Kong has also not been too cruelly exposed to the floating junkyards which the giant oil-carriers have become. The favoured local fleet vessel is the dry bulk carrier, whose cargoes of grain and coal have helped to provide a relatively firm market. Despite the overhang of tonnage, Hong Kong shipping groups are still building and buying, with China proving an interesting potential market for both construction and charters. In sum, things may not be all that cheerful in Hong Kong but they are probably a lot more cheerful than elsewhere.

Robert Cottrell



Sir Yue-Kong Pao—he has the ear of world leaders to a degree that surprises diplomats



Busy Greek tycoon Gregory Callimanopoulos also finds time to relax—he likes tennis, scuba-diving, water-skiing and windsurfing

Brilliant manager of ships

SIR YUE-KONG PAO and water have a close and harmonious relationship. Each morning, Pao goes for a methodical, relaxing swim. For the rest of the day, he runs the world-wide shipping group which lives up to its name by spanning the globe from London to Panama and Bermuda to Hong Kong.

Shipping and property are the two worlds in which the good years make possible vast capital gains from gearing up on assets against modest initial capital.

Sir Y. K. Pao, now 64, fled Shanghai in the 1949 Communist takeover and found in Hong Kong the good years which, within three decades, catapulted him into the first rank of world shipowners, with an 8m ton fleet, held through his quoted company, World International, and perhaps 20m tons in all, counting in his various, unquoted, interests.

It has often been said that Sir Y. K. Pao thinks more like a banker than a traditional ship operator. He has certainly attracted the support of the Hongkong and Shanghai Banking Corporation, by far the largest local bank, which not only has stakes in Pao's quoted and unquoted companies, but has also made him its non-executive deputy chairman.

The bank has stood by Pao for over 20 years now, since he began his empire-building in conjunction with the local Wheelock Marden group, and then discovered the joys of "shikunisen" as the way to building a fortune on Japanese custom. Now, his eyes are turned back towards his former homeland, where he has placed newbuilding orders and established a joint-venture company.

Pao's greatest public failure has been his abortive attempt to merge his quoted World International with the property-heavy Hong Kong and Kowloon Wharf and Godown. In one legendary weekend, Pao raised HK \$2bn to wrest a controlling stake in Wharf from the European establishment. But his attempt to effect a full merger with Worldwide was shot down last September by minority shareholders.

That aside, Pao has shown himself a brilliant manager of ships and money, choosing charters to cover capital exposure. He has the ear of world leaders, to a degree that surprises diplomats, two sons-in-law to take key positions in running his businesses, and an undoubtedly vast fortune.

ROBERT COTTRELL

PROFILE: ATLE JEBSEN OF NORWAY

Man on the move

ATLE JEBSEN, 46-year-old president of the Norwegian Shipowners' Association and chairman of the country's shipping employers' organisation, leads a family shipping and business empire, headquartered in Bergen, with offices scattered all over the globe. A typical working week could see him in London on Monday, New York on Wednesday, and Oslo on Friday.

A genial cosmopolitan, Jebesen speaks perfect English—a probably reflecting the three years he spent reading economics at Queen's College, Cambridge, from 1956 to 1958.

Some of his earliest business experience was gained during the long vacations, when he worked in the UK offices of the family shipping company. Today, about a third of the Jebesen fleet is UK-registered, and the group's offshore drilling subsidiary, Jebesen Drilling, is UK-based.

Jebesen's shipping education started long before his university years—he says the business fascinated him from childhood, when his father would take him down to the quayside to visit the family's ships, and breakfast table conversation would be about freight rates and market trends.

Fate put him at the helm of the family business—Kristian Jebesen's Rederi—when he was only 32, following his father's death, in a railway accident.

The company has flourished under his leadership—among

other things, unlike many of his Norwegian colleagues, he moved out of the supertanker trade in good time. Four large tankers were sold in 1967, and the company's last 80,000 tonner was disposed of in 1969.

Since then, the Jebesen fleet has consisted mainly of small bulkers, from 30,000 to 40,000 tons. At present, all are working—and making a profit. Jebesen insists, however, that this is not only due to good management—"there is a strong element of luck in the shipping game," he says.

Bargaining
As president of the Shipping Association, Jebesen has the task of bargaining with the Norwegian authorities for an improvement in the industry's working conditions—greater freedom to operate under foreign flags, for instance, and less stringent manning regulations.

Even though Norway now has a Conservative Government, the climate is not favourable for concessions—the Hilmor Reksten shipping scandal has tarnished the industry's image in the public minds.

Jebesen feels this is unfair, but takes it in his stride—"we are making some headway." He appears to enjoy every facet of his work—and has energy left over for a variety of strenuous sports, from jogging, squash and skiing to elk hunting and salmon fishing.

FAY GJESTER

GREECE

Competitiveness eroded

THE UNION of Greek Shipowners likes to describe the Greek-flag merchant marine as the "taxi service" in the world freight market. Only a few Greek owners enjoy the advantages of fixed-route, fixed-rate conference operations. Most of them live from tramp work.

This underlines the anxiety in Piraeus over preservation of the Greek flag's international competitiveness and the public warning served on the Government by the UGS president Aristomenis Karageorgis—that the continuing world recession is a threat to the survival "not so much of Greek shipping as of the Greek flag."

On the one hand, a succession of annual wage increases exceeding 20 per cent has certainly eroded and may have removed the traditional edge in operating costs maintained by Greek shipping over such competing fleets as the British.

On the other, neither the new Socialist Government nor the Conservative administration it ousted last October has been prepared, in the face of resolute opposition from the seamen's unions, to sponsor the covering legislation that would help Greek-flag owners to economise on crewing costs.

In conjunction with an air of uncertainty and nervousness over Government intentions in general, this reluctance to reward Greek owners for their loyalty to the home registry may already be having its first repercussions.

Cautious

Latest Merchant Marine Ministry figures, dated to March 31, show a fall in the previous 12 months of 3.4 per cent in the number of Greek-flag ships and 0.37 per cent in tonnage, from 254 vessels inscribed on the registry and 383 removed. Previously, the tonnage total had been rising, if only marginally, because the ships added were in general larger than those withdrawn.

Owners are cautious in drawing conclusions, partly because of the absence of reliable infor-

mation on the number of ships taken off the registry for scrapping rather than for transfer to other flags.

But it is believed that some movement to other registries is taking place and that this could become more pronounced in the next few months unless conditions improve.

The latest figures record a Greek-owned fleet of 4,257 ships of 49.66m tons, with 3,801 ships of 41.45m tons under the blue and white Greek flag and 456 ships of 8.21m tons inscribed on other registries.

At the same time it is estimated that nearly 20 per cent of total Greek-owned tonnage is now laid up and awaiting employment.

Under Greek law tax is payable only on ships that are trading so there is obviously nothing to be gained from switching the flag on a ship that is laid up, while fear of sea pollution from idle ships has made local authorities willing to provide anchorages.

In any event the limited space is not available to ships of non-Greek ownership. There is also a suspicion that even among Greek-owned tonnage the Greek flag indicates better service.

The implication is that the Greek flag may prove a better one for refuge than for trading under whenever the international freight market improves.

Whether an eventual freight recovery leads to an accelerated drift from the Greek flag will depend to a large extent on Government actions meanwhile. There is no doubt that Greek owners are carefully examining their options, even if they are not currently moving out of the registry in significant numbers.

After some uneasy first encounters, shipowners have now regained their confidence that their contribution to the Greek economy in terms of employment and foreign exchange inflows is appreciated. They have received a series of assurances both on general and specific issues.

They have been told, for

example, on the question of the "genuine link" issue—owner-ship, flag and company—that they have no cause for anxiety and they have received promises that two Bills now before the Greek Parliament will be amended along the lines they have suggested before enactment.

One Bill, on investment incentives, would place difficulties in the way of continued financing out of Piraeus, the port of Athens, through an article that may have been worded "inadvertently". Another, on trade union freedoms, is seen as opening the way to a Communist take-over of the seamen's unions.

The Government has been told of the owners' "grave concern" about the union legislation, which as drafted would enable a strike to be called by a union meeting in Piraeus. Observing that nine-tenths of a union's membership is at sea at any one time, the owners insist that a strike call should require a canvass of all union members, and even then should be for a restricted area, as under British law.

The Bill as drafted, the owners say, would permit a relatively small group of union members politically affiliated to the extreme Left to obtain disproportionate power.

The owners are waiting to see whether the assurances offered on such issues as there will be transformed into legislation that will help to re-establish industrial relations climate in which the Greek registry can continue to flourish. The crewing issue has to be examined in this context.

Greek law sets a maximum 25 per cent alien proportion of crew in a Greek-flag ship. While this may work out in practice at a 40 to 50 per cent alien proportion of lower-deck seamen, (the officers are almost invariably Greek) it still hinders effective implementation of the bilateral crewing accords already signed with the seamen's unions of a number of developing countries.

Victor Walker

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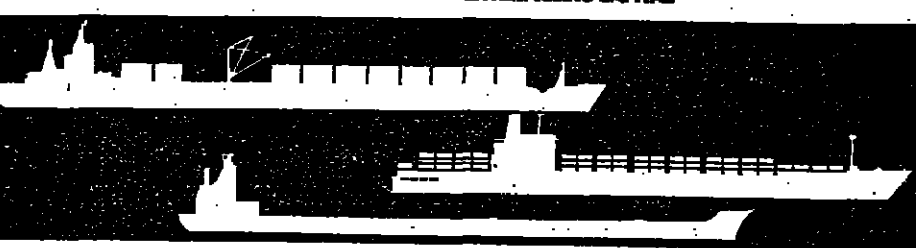
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WORLD SHIPPING AND SHIPBUILDING III

JAPAN

Moves to cut crew levels

JAPAN HAS one of the largest merchant fleets in the world, accounting for about a tenth of international shipping. But in the past few years, a growing number of the vessels used by shipping operators has been chartered. By 1980, it had reached nearly half against under a third 10 years before.

Fleet sizes differ considerably depending on how they are measured and who measures them. Lloyd's Register of Shipping put the size of the national flag fleet at nearly 41m gross tons last July, a slight drop over the previous year. This compared with 7m tons for Liberia, the world's largest fleet but a flag of convenience country, and 42m for Greece.

Like all developed countries, the Japanese have found shipping to be an increasingly high-cost operation. So the Government and shipowners have been working on ways of lowering crew levels and stimulating the development of newer and more efficient types of cargo vessel.

Up to April this year, the Government granted a special interest rate subsidy to encourage owners to order new ships. In part, this reflected official concern that too many chartered ships were coming in to augment those under the national flag. In the last year of the three-year programme, only energy-carrying ships such as gas, coal, and oil carriers were eligible.

Japanese owners have made great strides in developing advanced shipping methods, although these are not always easy to get through the unions. So-called "M-zero" ships, where unmanned operation of the engine is possible, represent about two-fifths in number and three-fifths in tonnage of total Japanese flag vessels.

A special committee was set up with government, industry and union representatives to see what could be done to rationalise crewing operations. After a year of what the Japanese called "experiments by shadow play," crews of 18 people are being tried out on cargo ships which had previously had 22 people. Some 14 ships are being used for this.

Japanese shipbuilders, in their search for increased technological strength, are studying how ship operations can be more highly automated and also how building methods can be made more productive. How this will spill over into the way the fleet is run remains to be seen.

Certainly, both the Government and shipping companies are keenly aware of the industry's importance for a country needing to import such quantities of vital raw materials and energy.

A.F.

NORTHERN EUROPE

Battle against high costs

THE HIGH COST fleets of Northern Europe are struggling hard to stay competitive. With the tanker and dry cargo markets in a slump and world trade recession affecting major container lines, they are more and more emphasising quality against quantity. Only through more sophisticated ships and methods of management, the argument goes, can an adequate earnings base be maintained.

Reacting against the high level of crew and other costs when set against the other major shipping areas like Hong Kong, Sweden, West Germany and the UK have been trying to reduce manning as much as possible.

Flagging out or using cheaper flags, often in partnership with operators elsewhere, is another strategy followed or contemplated by companies. Norway and Sweden are the countries which have achieved most in lowering manning numbers. Union leaders in Norway reckon

crew levels in other fleets are at least 25 per cent more than those in their own country. West Germany is also experimenting with lower crews. In Britain, where the size of the fleet has dropped alarmingly since the mid-1970s, shipowners are looking closely at working with smaller crews.

Unions' views

Not surprisingly, seafarers' unions tend to resist moves to speed up any reduction in their numbers. But rising unemployment at sea has a double effect. While unions are against, adding to this through manning cuts, they have to weigh up companies' views that these are often necessary to keep their operations in the black. In Norway, much of the current shipping talk is of flagging out. But major owners are wary of such flags of convenience as Liberia and Panama, mention of which tends to stir up strong emotions in developing countries.

Instead, they are likely to choose registries which have not been framed just with the idea of enabling owners to cut crew costs and taxes.

About one-twentieth of the Norwegian fleet is currently flagged out, but the proportion could rise much higher in the next few years. Norway has a merchant fleet of some 38m deadweight tonnes. In Britain, the 28m dwt fleet—down from 50m in 1975—accounts for just over 4 per cent of the world total, less than half its share of six years ago.

Investment has slackened off sharply in recent years and the industry wants the Government to sit up and take notice, mainly in the form of fiscal incentives to order new ships. The Falklands crisis has highlighted the importance of a healthy fleet in defence terms, and the industry will certainly try to capitalise on this in coming months.

Andrew Fisher

PROFILE: LORD INCHCAPE OF P & O

An emphasis on flexibility

BRITAIN'S biggest shipping company, P & O, has been pitched about on some rough financial seas in recent years.

Its chairman during these stormy times has not been a back-slapping extrovert of the type often associated with the shipping world, but a different Sussex-born Scotman.

Kenneth James William Mackay, the third Earl of Inchcape, was born two days after Christmas nearly 65 years ago, and educated in the traditional fashion of his class at Eton College and Cambridge University where he studied law. Somewhat outish in appearance, he does not take easily to the glare of publicity and P & O has had plenty of that in its time.

Underneath Lord Inchcape's reticent manner, however, there is a toughly determined approach to business. He believes less in management techniques than in pragmatism, with individual managers ideally allowed to operate freely in line with stated board objectives.

"Survival and growth depend to a great extent upon flexibility," he feels. For more than a year, Lord Inchcape has been a non-executive chairman. He was at the executive helm for 21 years from autumn 1976 after P & O's profits had slumped and its debts were soaring. Having invested £400m in new tonnage, it was being hurt badly by the shipping recession.

Lord Inchcape, who also runs the Inchcape trading group, became P & O's chairman in January, 1973, after

strongly opposing the abortive merger with Bovis.

P & O later took over the construction group itself. Sandy Marshall, who became chief executive and had also been against the merger, later became a casualty of Lord Inchcape's firm grasping of the reins.

He left with a large golden handshake in 1979 after the group shifted from expansion to survival. It sold major oil, shipping and property assets, and saw borrowings fall to a more manageable level. Profits remained erratic, though the 1983 result brought less of a decline than expected after a strong

second half. The group felt confident enough to order a new £80m cruise ship from Finland this year. But the Falklands crisis has disrupted operations as four ships, including the Canberra and Uganda cruise liners, have been called up by the Government.

While Lord Inchcape, a lover of outdoor pursuits such as riding and hunting, may prefer to avoid the glare of publicity, P & O itself is in no position to do so. Last year, it was persistently rumoured that Hong Kong interests were on the takeover prowl.

A.F.

MOVES TO CHANGE REGULATIONS

Attitudes are hardening

ATTEMPTS to radically restructure international shipping in keeping with the principles of the "new economic order" are gathering pace. The elements for an international regulatory framework covering all the fundamental aspects of shipping are on the agenda of Unctad's (United Nations Conference on Trade and Development) shipping committee. However, the progress made so far disguises a hardening of attitudes on all sides.

International, as opposed to national, regulation of the commerce of shipping is a relatively new phenomenon spearheaded by two UN bodies. The International Maritime Organisation (IMO) deals with technical and safety issues and is beginning to have considerable success in getting its international conventions into force. Unctad's shipping committee is becoming the ground for an increasingly bitter confrontation between the Group B developed countries, on the one side, and the Group of 77 developing countries and the socialist bloc on the other.

At issue is the means by which developing countries can increase their participation in world shipping. The target is 20 per cent by 1990. In brief, the developing countries believe there are structural barriers to their increased participation necessitating a legal regime guaranteeing them shares of their own trade, and other kinds of support, while their infant and often sickly shipping enterprises find their feet.

The three major elements of the regime being pushed at Unctad are: a code of conduct for liner conferences to guarantee equal flag shares in the liner trades for bilateral partners; some similar protective measure for bulk trades; and the ending of the open registry or flag of convenience system. The liner code is almost on the books. The European countries are on a co-ordinated schedule for the necessary national enabling legislation.

The reason for European acquiescence, albeit reluctant, is that it largely legitimises the status quo. The Europeans expect OECD countries, who account for the lion's share of liner trade, to display the code by reciprocal agreement. In many of the other trades, developing countries have already unilaterally reserved cargoes for their flag vessels. On the other hand many developing countries do not have, and will not have in the foreseeable future, enough ships to carry their theoretical entitlement under the code (40 per cent shares) — are suggested for bilateral partners with the rest for third flag carriers).

However, things are rather different with the open registry question and bulk cargo sharing, where Group B are less inclined to compromise. Open registry tonnage has grown considerably over the past decade from roughly 20 per cent of the world fleet to more than 30 per cent. The developing countries hold that the massive investment represented by open registry tonnage would have gone into developing country fleets if there had been no open registries. They, backed by the socialist countries, wish to establish an international convention on ship registration which would create a genuine link between vessel and country of registry. This would consist of establishment of the shipping enterprise in the proposed country of registry. On the economic side, the Group B countries believe the open registry system has provided cheap transport and a free market in the bulk trades as well as a traditional presence in shipping that they could not have maintained operating solely under their own flags. Elimination of open registry together with the linked issue of bulk cargo reservation would only increase transport costs which would hit developing as well as developed countries. In the liner market with its fixed schedules and routes and often roughly balanced two way trades, bilateral cargo sharing need not be too painful. In the bulk trades it would be disastrous, since few bulk carriers work shuttle services and those that do normally travel empty on one leg. The need for developing countries, particularly large importers of grain, to acquire bulk tonnage to avoid crippling foreign exchange payments on chartered tonnage is recognised.

On the domestic regulatory front, but nevertheless with enormous international ramifications, important changes are pending in the way liner shipping is regulated in the U.S. trades and in the EEC. Proposed legislation going through the U.S. Congress with the blessing of the Reagan Administration, would legalise closed conferences in the liner trades. This would bring the U.S. trades in line with the rest of the world. Previously, anti-trust philosophy has only allowed a looser arrangement of lines—open conferences—and even these have been the subject of increasing pressure from the Department of Justice in the last decade. The result had been a serious conflict between the U.S. and its trading partners.

At the same time the EEC has been obliged to apply the competition rules of the Treaty of Rome to shipping. How this is to be done has been the subject of an agonised debate between the industry, the shippers, and the EEC Commission for several years.

Ian Middleton

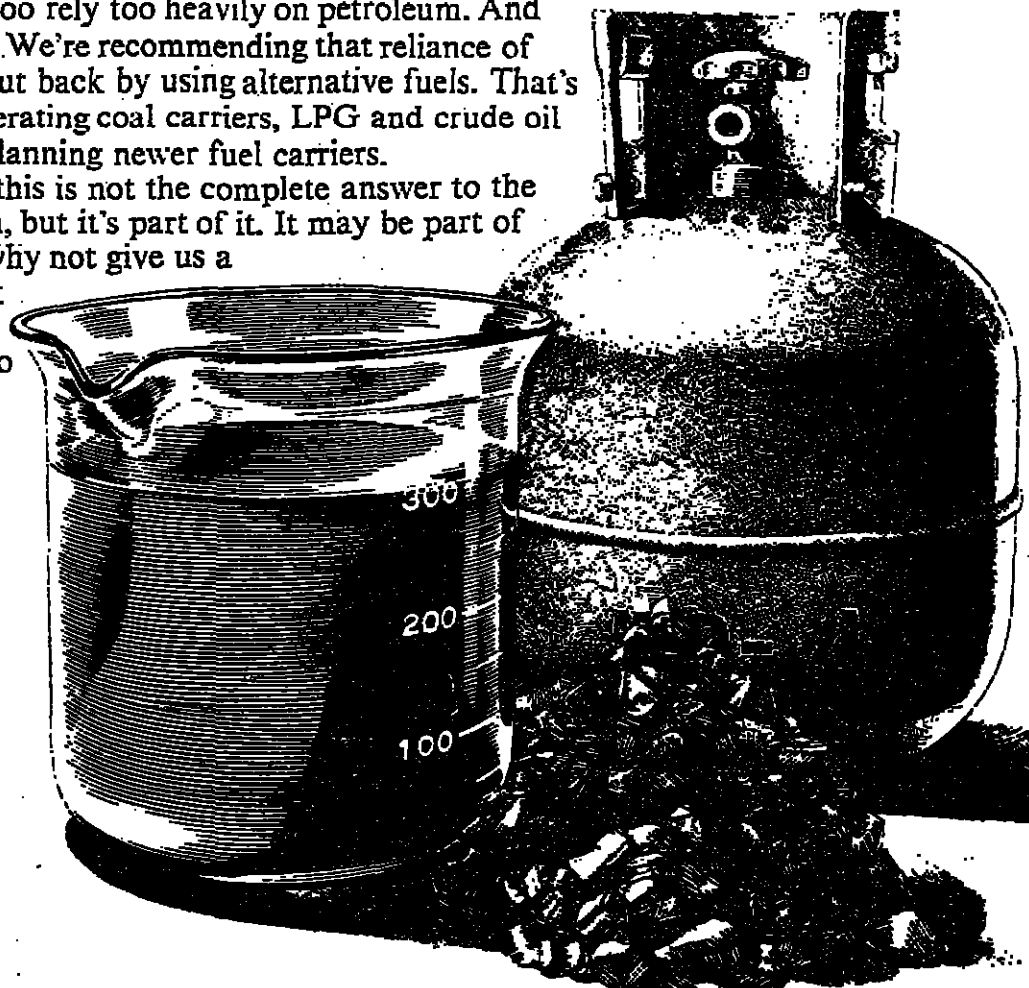
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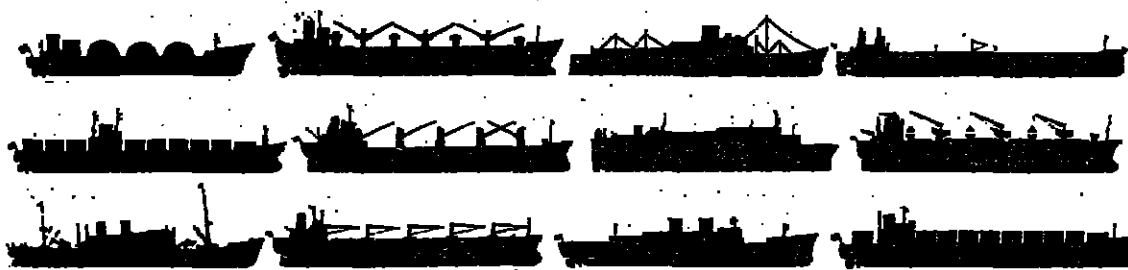


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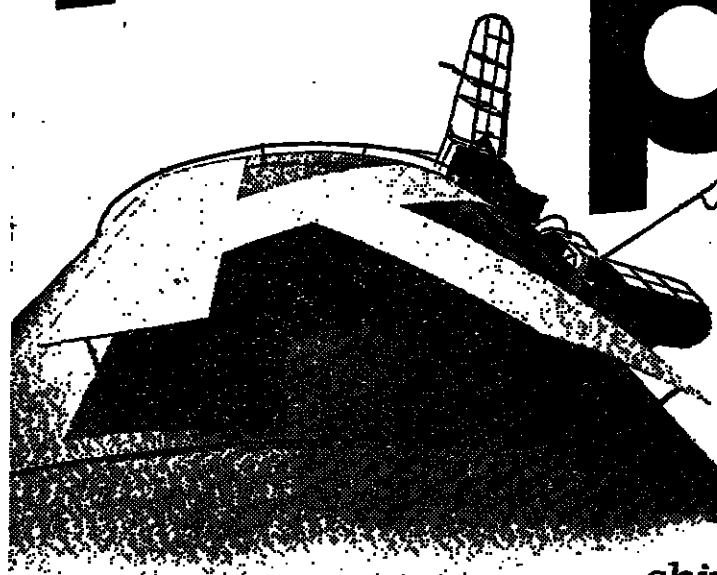
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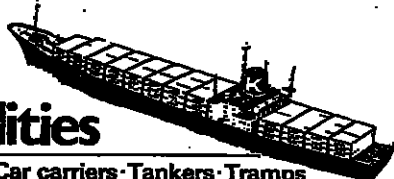
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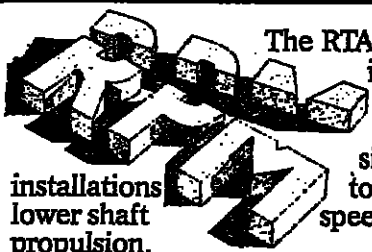


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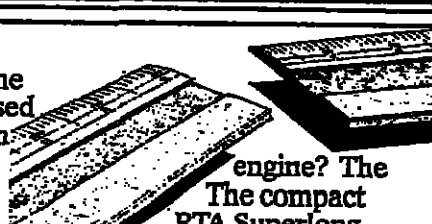
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SULZER

WORLD SHIPPING AND SHIPBUILDING IV

Enginemakers are aiming for designs that cut oil consumption

Fuel costs slow the speed

SHIPPING COMPANIES are hard pressed to make money these days, but saving it has become a top priority as freight rates stay low and operating costs increase.

Ships are rarely designed for speed now; economy takes pride of place. Engine-makers have made important strides in the area of fuel efficiency. Designers have ensured that hulls are smoother, while special paints have been developed to minimise friction.

With fuel oil prices showing massive leaps since the 1973 oil crisis, shipowners have been forced to look closely at costs.

For many of them, the message was slow in getting through. But major diesel engine manufacturers like Sulzer of Switzerland and Burmeister and Wain (B&W) of Denmark have had worldwide success with their economy designs, which are being steadily improved.

Shipowners are also keen to save on manning costs, a more sensitive area in view of declining employment for seafarers, especially in the West. Swedish and Norwegian companies have successfully introduced lower crew levels on ships—after specially designed to need fewer people—and West Germany is also experimenting along these lines.

In Britain, progress has been less rapid, though the industry

is promoting the idea actively.

Compared with engines of seven to 10 years ago, the new generation offers a sharp drop in daily fuel consumption for a ship of up to 28 per cent, said Mr Peter Sulzer at this year's Seatrade Money and Ships conference in London.

The executive vice-president of Sulzer International made the point, however, that "fuel saving has its price." More efficient engines cost more money and the shipowner has to balance this against the potential fuel savings.

At the turn of the year, Sulzer proudly announced its new RTA Superlongstroke engine, which it claimed could knock a further 10 per cent off vessels' fuel bills.

The engine will be about 12 per cent more expensive than a comparable one from the present range. But since the engine accounts for about a tenth of the total ship cost, the ultimate extra expenditure would be relatively small. The RTA is also shorter.

A riposte

Sulzer's new design has drawn a snorting riposte from B & W Diesel in Denmark. It charged the Swiss group with adopting B & W's long-established uniflow system and abandoning its own loop-scavenging method. (The terms refer to the way air

and gas moves around the engine.)

Sulzer, advertising its new engine with fuel bills and consumption, is maintaining a dignified Swiss stoicism about the aggressive pose from B & W (now part of West Germany's M.A.N.). "Can our major competitor avoid teething troubles when finally converting to the superior Uniflow Scavenging System?"

Sulzer says its design has been well received, especially by the Japanese. Altogether, 15 RTA engines are now being built, two by Sulzer itself at its Winterthur headquarters.

Mitsubishi, a licensee, said recently that it had firm orders for six RTA engines and intended to be the first to complete one next March. Sumitomo and Ishikawajima-Harima Heavy Industries (IHI) are also on the list of constructors as is Yugoslavia. China has expressed interest in buying as well.

What about the viewpoint of shipowners? Ever since the oil crisis, it is diesel rather than the more fuel-thirsty steam turbines which have been at the forefront.

Up to 1973, according to Mr John Parker, deputy chief executive of British Shipbuilders, at the Seatrade conference, "we saw the larger merchant vessels vying with

capital naval vessels in both size and speed, with container ships as big as aircraft carriers and running at over 30 knots."

Major container lines have since been re-engining their ships with modern and cheaper diesel systems.

Savings can also be made on the passenger side. P & O is installing an engine of French Pielschick design on its expensive new cruise ship to be built in Finland. Older passenger liners, designed to go long distances at great speed, have engines which are very costly to run at today's fuel prices.

One leading Hong Kong owner, Mr Frank Chao, president of Wah Kwong, has spelled out just how big a saving in fuel use can be gained with a B & W engine against a steam turbine.

He took as an example a 260,000 deadweight ton tanker—the type of ship now increasingly redundant in shipping markets—built in 1973. With steam turbines, it would use about 170 tons of fuel a day at full speed. With the diesel, it would be 95 tons for a saving of 75 tons worth around \$13,500 daily or \$405,000 for a 300-day voyage.

Depressed

Big tankers rarely operate at top speeds in these days of depressed tanker markets. But the scope for savings on all types of ships is impressive. Mr Chao detailed the reasons in fuel costs that slower speeds could bring. Wah Kwong has put special SPC (self-polishing coating) paints on its huge car carrier, European Venture, and on its 263,000 dwt Hitachi Venture, the largest dry bulk/ore carrier in the world.

Propeller designs are also highly significant in cutting down fuel consumption. Large propellers move more water at slower rotational speeds, giving more efficiency. Mitsui has developed an integrated duct propeller (MIDP), with the duct fitted in front of the prop for improved flow. Again, Wah Kwong has fitted these on three Japanese-built 126,000 dwt coal carriers. Mr Chao reckoned that MIDP reduced fuel consumption by 3-7 per cent.

There is no shortage of other design ploys aimed at curbing fuel use. Mitsubishi has come up with a reaction fin which goes in front of the propeller to recover part of the energy of the rotational wake and can save around 5 per cent of power. Savings have also been made by special hull designs such as the bulbous bow.

The growing use of computers to link design options with shipowners' exact requirements and ships' potential earning power has wrought major changes in how vessels are planned and built.

Burmeister and Wain, the Danish yard which works closely with B & W Diesel though no longer under the same ownership, has had a successful run with its economy bulk carrier range. British Shipbuilders has a new 45,000 dwt economy design for which it hopes for more orders.

Japanese shipyards are also putting heavy emphasis on fuel efficiency and newer design techniques.

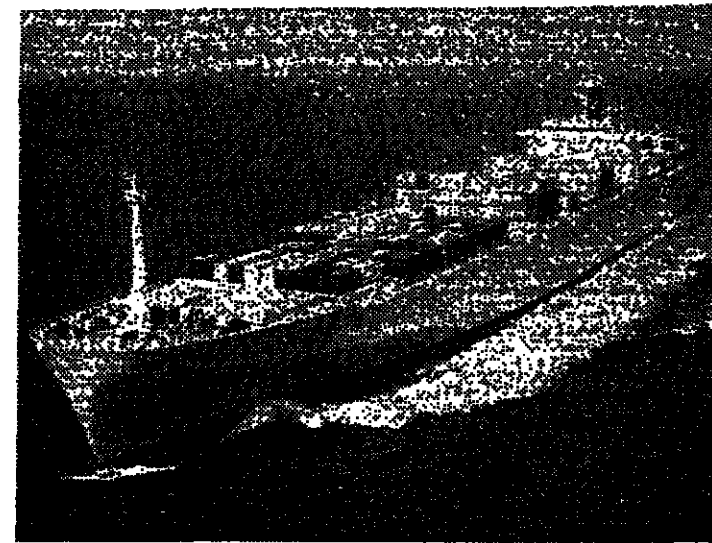
For all builders and designers, though, the main task is to persuade more owners to invest in economy. While shipping markets are poor, the choice is one of spending to save or of saving by operating older, already depreciated ships, for a while longer.

Ian Middleton

Andrew Fisher

Why traditional methods of fixing tariffs are under strain

Sorting out the liner code



The container ship, Nedlloyd Delft returning to service following re-engining from turbine to diesel. Her sister ship, Nedlloyd Dejima is also undergoing conversion and due back in service shortly.

WORLD seaborne trade in the decade 1970-80 rose 44 per cent. In the same period shipping capacity increased 110 per cent. This stark if oversimplified comparison shows why shipping generally is in a parlous state. It would be idle to pretend that the liner sector has suffered to the same extent as the tanker and dry bulk sectors, but increasingly complex pressures, economic and political, have made profitability thin and even negative on the major trades.

Major advances in economies of scale and handling methods have created their own problems in terms of the amount of capital investment needed in modern liner shipping, while national and international legislation threaten to transform a traditionally self-regulating industry into a highly regulated one.

The traditional closed conference system which has operated for more than a century in trades other than the U.S. appears to have been legitimised both by the imminent coming into force of the Unctad (United Nations Conference on Trade and Development) Code of Conduct for liner conferences, and the Reagan administration's support for establishment of closed conferences in the U.S. trades. Nevertheless, increasing militancy on the part of importers and exporters and the rapid growth of a new breed of outsiders committed to non-conference operation, threaten conference domination of the liner trades.

Closed conferences are groupings of lines serving a particular trade which fix common tariffs and sign contracts with shippers who are rewarded for their loyalty with discounts on conference rates. Other lines operate as independents or build up a share of a trade and then negotiate for conference membership. Such cartel-like arrangements, have often, naturally, been viewed by governments with considerable suspicion.

However, they have been allowed to operate largely by self regulation except in the U.S. trades where anti-trust authorities forced a looser and highly regulated arrangement. The main reasons are that in order to get the long-term commitment necessary for strategic and economic security, countries have conceded the need for operators to have a degree of guaranteed financial stability. At the same time the lines compete with each other on service and shippers can always have recourse to independents to keep the conferences on their toes.

The rapid advance of containerisation from the late 1960s onwards, was the first new development to put a strain on conference organisation. When was the right time to containerise a trade? How was the considerably increased capital requirement to be met? The answers led to the growth of consortia of like-minded lines within the conferences. They pooled their resources often establishing a separate corporate entity as in the case of the UK's OCL (Overseas Con-

tainers Ltd). The oil crisis which dealt such a savage blow to the tanker market, at first seemed to have had little knock-on effect on the liner sector. In fact the recycling of petrodollars led to a boom in liner trades, particularly to the Middle East. However underlying trends were working against the liner operators. Order-starved shipyards built ships at give-away prices. Smaller bulk carriers were forced into the liner market by severe overcapacity in the bulk trades, while a slice of traditional liner cargoes slipped into the neobulk category. A new type of combined bulk and container operation started in which if you could pay for the ships with bulk carriage you could offer out rates on containers as icing on the cake. The result is that the highly rationalised liner sector is nevertheless running 20 per cent over-capacity.

Meanwhile, oil price increases forced the operators of fast turbine powered container ships into some hard decisions to re-engine with more economic diesels, or embark on massive replacement programmes with new fuel efficient ships. Currency instability meant profits could be wiped out by exchange losses as tariffs are mostly denominated in dollars while expenses are in a variety of currencies. Importers and exporters, themselves hit by recession, have become increasingly militant and their organisations increasingly effective in winning deferrals or reductions in proposed conference rate increases. Subsidised and other government-backed lines have won a growing share of the traffic.

The developing countries want a greater participation in the carriage of their trade, and though their chosen instrument the Unctad Liner code, has yet to come into force, many have anticipated its cargo sharing provisions by reserving cargo unilaterally for their national lines.

Independents like TFL and Cast on the North Atlantic, ABC from Australia to the U.S. and Europe, Evergreen of Taiwan on the Far East/Europe trade and others have presented a new kind of threat. They are committed philosophically to non-conference operation and are either backed by more substantial financial resources than the host of independents that have come and gone before them, or are offering unique service features. They seem to have in common a belief that conferences have become too unwieldy and bureaucratic for shippers' needs and their own operating inclinations. Shippers appear to agree. Many of the conferences have so many members, such a wide range of

interests to consult on major decisions, such a complicated and often archaic tariff structure, and they are unable to react quickly to changing conditions in the trades.

Aware of this, the conferences have been trying to reform themselves. Emergency-rating committees consider shippers' requests for special rates where the rate is the determinant of whether a commodity moves or not. The conference tariff structure with its thousands of rates, many based on distinctions owing more to the days of sail than containers, are being simplified.

Despite the tougher regulatory and competitive environment, the major consortia could have faced the 1980s with reasonable confidence. However the over-capacity threatens to get worse before the recession lifts sufficiently to generate the extra traffic.

The writer is editor of Seatrade.

Hard decisions

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WORLD SHIPPING AND SHIPBUILDING V

An aggressive newcomer, South Korea, is worrying Japanese and European yards

New rival for orders

THE WORLD shipbuilding industry has lost its footing after the recent brief recovery and is slipping backwards again.

Having suffered hefty financial losses and deep cuts in capacity after the oil crisis hit order books, many yards had been hoping for a steady recovery to continue the progress made since 1979.

But this is not to be. Order books began to weaken late last year and the first few months of 1982 show no signs of improvement. Even the Japanese, the world's largest builders, are feeling the pinch.

In western Europe, some companies have taken refuge in specialisation, others have been propped up by governments, and some have survived by judicious pruning and thorough-going re-organisation.

The Japanese and Europeans dominate world shipbuilding, but both have been made highly nervous by an aggressive new rival—South Korea.

The latter is now the world's number two shipbuilder and has been expanding while the emphasis elsewhere has been on contraction. Korean yards now account for more than 8 per cent of the international order book.

Criticism of the Koreans has been rife from both Japan and Europe. Major Japanese yards have seen a number of big orders go to their Far Eastern neighbour where such companies as Hyundai and Daewoo have invested heavily in new facilities. During 1981, Japanese companies tendered for construction of over 40 large ships in 13 separate orders put out to international bidding. They did not win a single one.

Since Korea is not a member of the Organisation for Economic Co-operation and Development (OECD) in Paris, other nations cannot easily put pressure on it through regular working parties in the industry. But they have made their views known.

In reply, Korean officials state that their orders too have diminished, even though they have landed some big ones in the past year or so.

Last year, about 17m gross tons of new orders were placed at world yards, according to Lloyd's Register. This was nearly 2m tons down on the previous year, though actual output was some 3.5m tons higher at 16.5m.

While total order books are way below the peak levels of the early 1970s—the record was 133.4m tons in March 1974—

World shipbuilding orders (million gross tons at end-March)

Japan	11.8 (-0.50)
S. Korea	2.8 (-0.20)
Spain	2.2 (-0.09)
Brazil	1.8 (-0.20)
Poland	1.4 (+0.02)
UK	1.1 (-0.05)
Yugoslavia	1.0 (+0.20)
World total	33.7 (-1.60)

Source: Lloyd's Register
*Decline on previous quarter

there had been hopes that the pick-up from the bottom in 1979 heralded a more cheerful future for the industry.

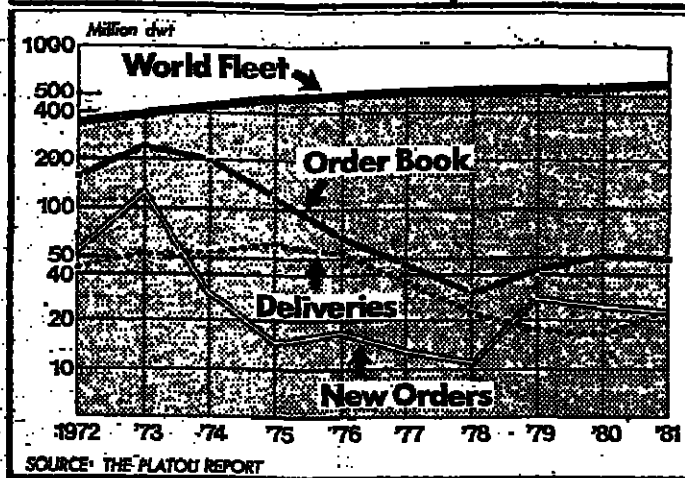
Shipping markets are, however, in decline. World trade has eased during the recession and past optimistic ordering, especially of dry cargo vessels, means the surplus of merchant ships will become great more in the next two years.

Recognition of this began to affect the new order pattern in the shipbuilding industry around the middle of last year.

The lowest point reached by the industry's order book was just over 25m gross tons in the first quarter of 1979. The subsequent revival left it more than 10m tons higher after the same period of 1981. By the middle of last year, it had risen slightly more to nearly 37.5m tons.

The decline set in after that, with the figure for March of

SHIPBUILDING STATISTICS & WORLD FLEET 1971-81



SOURCE: THE PLATON REPORT

this year down to 33.7m tons. Most of the major shipbuilding countries have been affected. Japan's total order book, still over a third of the world figure, has been slipping for some time and fell a further 840,000 tons over the three months to 11.8m tons. Korea's fell 212,000 tons to 2.8m.

The Ministry of Transport in Tokyo recently stated that Japan's new shipbuilding orders fell by a tenth in the fiscal year to March 31 to 8.4m gross tons. The market had expanded early in the year, but then tailed off substantially. "No signs of recovery have been seen to date," it commented gloomily. Over the next few years, government estimates show that Japanese yards will still be working below capacity.

The country's official anti-recession cartel, aimed at limiting output in line with depressed world demand, ended in April. But the Government does not want yards to start further costly expansion races by going for volume at the expense of earnings. Despite sharp cuts in Japanese yard capacity, many European shipbuilders have been deep enough, especially in view of Japan's previous expansion before the oil crisis hit the big tanker market.

For their part, Japanese Government and companies argue that their reductions have been sizeable both in manpower and in yard facilities. Cuts of around 35 per cent were made in capacity and the number of building berths went down from 132 to 88. Some yards were filled in and others switched to other activities entirely such as ship repair, engineering assembly, or container manufacturing. Japan still has some highly

modern yards, however. Total output in the Japanese shipbuilding industry is expected to be unchanged this fiscal year to end-March 1983 at some 5m compensated gross registered tons. For the following two years, the Ministry of Transport expects it to slip to around 4.5m cgrt, a measurement which takes more account of the skill and time involved in building different ships.

By the 1985 fiscal year, output should be moving up again to present levels. Some Japanese companies feel the Ministry's estimates, intended as a reference point rather than a firm guideline, are too optimistic.

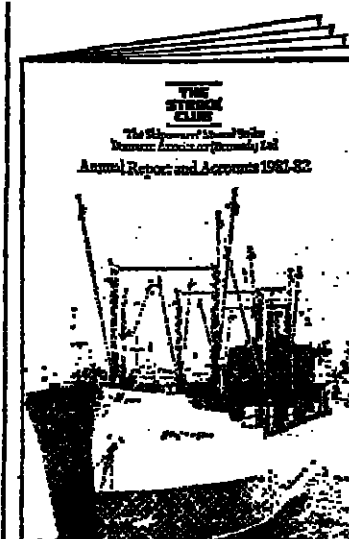
Faced with a generally bleak outlook for the industry shipbuilding companies have had to think hard about how they can keep going. Some, like Finland's Wärtsilä, have opted for specialisation, aided by major Soviet contracts. Wärtsilä has built up a healthy order book of ice-breaking and ice-strengthened ships and has also established a profitable niche in the cruise ship market.

Fuel efficiency

Nearly all major worldwide yards are doing their best to meet shipowners' growing desire for more fuel-efficient ships. Burmeister and Wain of Denmark is well into a successful run of economy bulk carriers, while British Shipbuilders has also developed new designs.

Shipbuilding, as even a casual glance at the order figures shows, is far from being the growth industry it once was. The trend now is to find a promising area of the market and stick to it firmly.

Andrew Fisher



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A gloomy 1983 threatens number two in the world league

Waiting for an upturn

SOUTH KOREAN shipyards, like others around the world, are being hit by the fall-off in new world shipbuilding orders.

Up to the end of April, orders for only 19 ships totalling 100,000 gross tons and worth just under \$200m had been booked this year, according to the Ministry of Commerce and Industry. This was well down on last year, when \$769m worth of orders for 501,000 tons entered the order books in only the first quarter.

Of Korea's four big yards, Hyundai Heavy Industries has gained new orders for four ships totalling \$48.4m, while Samsung Shipbuilding and Engineering has received two at \$6m.

This leaves both Daewoo Shipbuilding and Heavy Machinery and Korea Shipbuilding and Engineering with no firm orders so far this year. Seven smaller yards have had new orders for 13 vessels.

But there are two big orders waiting in the wings that have not been reflected in new order figures, since final contract approval has still to be given. Hyundai is expecting a firm order soon from Barber Blue Sea, a European grouping for

seven big roll-on/roll-off container ships. This would comprise a firm \$200m order now and four to be built later.

Daewoo is wrestling with the financial conditions of its recent agreement with U.S. Lines for 14 container ships valued at \$770m. This order would almost triple the orderbook for Daewoo's Okpo shipyard, inaugurated last autumn, which currently has \$458.9m in contracts for 17 ships.

Healthy orders

The total order book for the industry is still healthy, but it will run down this year, making for a gloomy 1983 after the first quarter unless the shipping and shipbuilding markets improve.

Ministry of Commerce and Industry figures place the order book for Korea's 11 shipyards at \$3.3bn for 134 ships at 2.4m gross tons. Hyundai has had two recent worries on its order books, with delayed delivery requested. But both orders have stayed on the books.

Government plans for expansion of total shipbuilding capacity from 4m gross tons to 6m in the Fifth Five-Year Economic Plan (1982-86) have been shelved, according to industry

officials due to weak market conditions and poor prospects.

Offshore structures continue to take up some slack in shipyard capacity, but demand for these has also eased with the oil glut and more stable oil prices reducing the need for new drilling operations.

Daewoo has a total of \$685m in contracts for offshore structures and Hyundai has \$200m. Both are also moving into production of industrial plants but the competition is stiff and well established from industrialised countries.

Daewoo has a \$150m salt water treatment plant for Alaska under contract in addition to a \$120m polyethylene plant for Al-Jubail, Saudi Arabia.

Hyundai is optimistic about landing three large turnkey projects soon in conjunction with a foreign engineering firm. Company officials explain that although Hyundai's reputation is better now for complicated plant facilities, the market is not good.

Korean shipbuilders are waiting for an upturn that they hope will occur before the year's experience serious cutbacks.

Ann Charters

Operators face a sharp rise in Caribbean capacity by 1985

Optimism in cruise market

EVER SINCE airlines came to dominate major routes, ships have taken a back seat on the passenger market.

The days of elegant liners sailing several thousand miles on scheduled journeys have gone. Nowadays, the big ships are mainly on luxury cruises, though some are aimed at less hugging pockets. Most people, if they have been on a passenger ship, will have taken short trips across the English Channel or other manageable stretches of water to reach a foreign holiday destination.

One look at a top cruise company's brochure with its glossy pictures of golden beaches, swaying palms, succulent food, and sybaritic accommodation will persuade the average holidaymaker that all this is way above their income bracket. A quick look at the fare list will confirm this. But several companies are confident enough of future growth, especially in the downturn U.S. market, to be investing heavily in new ships.

Ferries, too, do not come

cheaply, and can cost some \$40m. Some are virtually mini-cruise ships themselves, especially around Scandinavia. A number of the world's biggest ferries, like the Finnjet, operate from Finland across the Baltic to North Germany or Sweden.

But it is cruise ships which really run away with shipowners' and banks' money. It costs well over \$100m to build one of these today. Britain's P & O Cruises, after long deliberation, has decided to pay out some \$150m for a vessel to be built by Wärtsilä of Finland.

Already this year, one brand new cruise ship, the Tropical, has been delivered to Carnival Cruises for the American market. Carnival wants to build more ships, each carrying around 1,400 passengers.

Home lines now has the Atlantic in service, while Scandinavian World Cruises, part of DFDS of Denmark, will introduce its \$100m MS Scandinavia into the Caribbean in July. As well as 1,600 passen-

gers, this ship will have capacity for 400 cars.

Norwegian American Cruises, which has two luxury vessels on various world cruise routes, is pondering whether to build a new ship, P & O, which had two passenger ships taken for Falklands service, also has options to build further vessels in Finland. This summer, it brought up the Sea Princess from Australia, gave it a \$2m refit in Southampton and sent it off on a Mediterranean cruise. West Germany's Hapag-Lloyd began cruises with its new Europa ship last winter.

Investment and optimism is not all, however. The U.S. recession has made the cruise market less than financially buoyant, though some 1.5m people will go cruising there this year. Based on announced intentions of lines serving the Caribbean, 1985 capacity will be nearly 50 per cent up on 1981. This could make life difficult for cruise operators.

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WORLD SHIPPING AND SHIPBUILDING VI

Tanker owners scrapping more vessels

FOR SALE: one big tanker of 200,000 deadweight tons or more powered by steam turbine and around 10 years old. Price: a few million dollars, a fraction of the original cost.

Likely taker: an Asian ship-breaking yard, or shipowner with an eye for a bargain, a taste for risk, and an abundance of optimism.

Multiply the above by enough ships to total well over 100m dwt and you have the size of the problem. The tanker industry is in a parlous state and has been for some time. And with demand for oil lacking buoyancy, tanker owners are scrapping more ships and ordering as little as possible. Much tonnage is simply laid up.

Ten years ago, before the oil crisis, large tankers were

"1982 will be a watershed year," said Mr Ronald Ilian, head of BP Tankers, describing the stale tanker market. Exxon, of the U.S., has already five big tankers for scrap this year.

all the rage. Shipyards in Japan and Europe scrambled to put in huge docks to build VLCCs and ULCCs (very large and ultra-large crude carriers).

At that time, the world tanker order book was nearly 96m dwt. Two years later, at the start of 1974 it had soared to almost 200m dwt, touching 231m during the year.

Since then, it has been downhill. Yards have had to cut back drastically, with dire financial consequences for many. The bottom was

reached in 1979 when the order book began the year at under 10m dwt. It climbed back a bit after that, but had slipped again to just over 12m dwt this January.

The volume of tankers sold for scrap has speeded up, with 10m dwt headed for the demolition yards in the first four months of 1982. The figure for all of 1981 was 13.5m dwt.

Even so, it will still take a few years for the surplus to be mopped up. Big oil companies have been selling as many VLCCs as they can.

Nor are matters much more cheerful in gas shipping. About half the available liquefied natural gas (LNG) shipping capacity was idle at the start of the year, Lloyd's Shipping Economist noted.

Cautioning against too much gloom, though, it added that nearly all the ships in operation seemed sure of long-term employment, as did those under construction.

Bedeavouring the LNG market have been wrangles over price between customers and suppliers such as Algeria and Libya. But potential LNG demand is huge, notably from Japan and South Korea which has also begun to import liquefied petroleum gas (LPG) where shipping experience has been less fraught.

ANDREW FISHER

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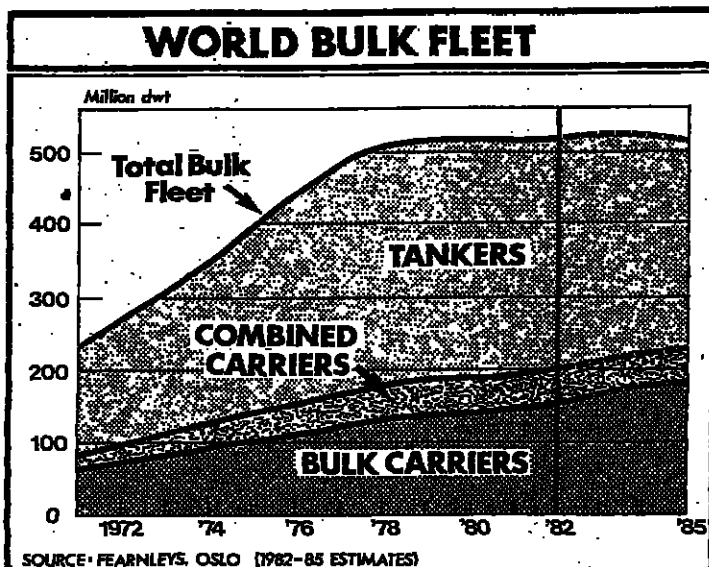
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Financiers take a wary view

SHIPPING FINANCIERS are drawing in their horns. Prices for second-hand tonnage have fallen sharply this year against a background of looming crisis within the industry as excess capacity and fierce competition pare trading margins on ship operating to the bone.

The banks have recently come to the rescue of the Canadian-controlled Cast group, and the fear among bankers is that, before long, more shipping companies will be forced to seek financial salvation.

This message has not been lost on the market place where some second-hand ship values have halved in the past 12 months. Even prime value vessels such as newly built Panamax bulk carriers of 60,000 tons have come down in price this year, tumbling from around \$25m to little more than \$18m. Along with freight rates, ship asset values are now close to cyclical lows and as a result there is plenty of uncertainty among the lending institutions.

Since the collapse of the tanker market in 1974 after the first oil crisis, bankers have eyed the world shipping industry with misgiving. It is burdened with a shaky capital structure, volatile costs and weak demand. But it is a big business and therefore hard to ignore. World orders for new tonnage probably total around \$30bn and until this year the market in second-hand ships was worth around \$4bn annually.

Forced out

There are about 20 major banks in London with active maritime divisions, and the thrust of their operations is directed towards the second-hand market. As the world's shipyards have battled to stay in business on the back of state subsidised credit, private capital has been largely forced out of the primary ship markets. The banks have a sizeable business in bank guarantees on new orders, but their direct lending limits are modest.

The proportion of world tonnage controlled from traditional shipping markets is slowly being eroded by cost pressures. The North European fleets are being systematically dismantled, and bankers are having to make major risk adjustments. No longer can the lender of maritime finance take for granted recognisable corporate structures and published company accounts.

To traditional Greek secrecy has been added the rapid growth of new areas of ship ownership. Like Hong Kong where companies like C. Y. Tung and Carrion Investments have been expanding rapidly.

Even when market conditions are favourable, it is rarely easy to match the differing capital requirements of shipowner and banker. At its most basic a banker's requirement is to get his money back at the stipulated rate of return. The changes in the structure of the world shipping industry in recent years have demonstrated forcibly that no all-purpose financing formula is available. The asset financing approach has come under pressure from the recent wide fluctuations in ship values.

All this has led to a greater fragmentation of freight markets, and since shipowners are now unable to predict requirements much more than 12 months ahead, the availability of long-term charters has been significantly reduced. In short, the shipping industry has had to narrow its trading horizons. Understandably, the capital

appeal of shipping has been moving down to new lows, and the banking community has tightened up on pricing.

Yet from the point of view of relative asset values, the present is probably a good time for investment in selected tonnage. Adjusting for inflation, the second-hand market has rarely offered better value, say, most bankers. But they make the point that a certain amount of "stockholding" needs to be built into the potential purchaser's price.

Unless the market can produce a recovery in freight rates within the next 12 months, potential buyers are going to have to carry their acquisitions through the present lean period. For those owners who can absorb the cost of borrowings and potential operating losses, the longer term returns can hold out considerable promise. What amounts to distress selling by some owners, can prove to be bargain basement buying for others.

Jeffrey Brown

Anxious time for bulk carriers

HOW WILL bulk carrier operators survive the next year or so? Freight rates remain stubbornly low and numerous ships ordered in more encouraging times are being delivered. So the market is likely to remain depressed for some time and owners' financial problems will become increasingly acute.

"There must be some cataclysmic bankruptcies ahead," said a shipbroker on London's Baltic Exchange sombrely.

It was the collapse in dry cargo rates which nearly tipped the Cast shipping operation headed by Mr Frank Mackay over the brink this year. His Canadian-controlled company, which combines bulk and container shipping, is surviving with help from banks and shareholders.

But other companies could sail into deeper trouble and be unable to shake off their debts.

Prospects for a rate upturn seem limited. "There are not likely to be many who dare hope for any further improvement in the near future," said P. F. Bassoe, a Norwegian shipbroker like this have become common. Generally, the industry sees no chance of recovery until well into 1983 and possibly as late as 1984.

Rapid rise

The rot started to set in early last summer. One cause was the steady rise in the size of the fleet as new orders were completed and more combined carriers, also able to carry oil, were switched to dry cargoes. Another was the ending of the vast congestion on the U.S. East Coast at Hampton Roads.

Up to the end of March last year, the operating dry bulk fleet had gone up by some 6 per cent, and this rapid rise was followed by release of some 12m dwt, or 7 per cent of the fleet, as the Hampton Roads congestion ended.

With this boost in transport capacity, said Oslo shipbroker R. S. Platou, "a fall in rates was unavoidable."

The bulk fleet stood at just over 154m dwt at the start of this year, a rise of some 9 per cent over the previous 12 months. Another 8 per cent rise is forecast this year.

"The future looks bleak indeed," said Platou recently. For the 60,500 dwt Panamax category—designed to pass through the Panama Canal—a rise of as much as 14 per cent is on the cards.

Growing needs

With the world economy in its present state, shipping needs are unlikely to expand by anything like enough to match capacity.

In March, rates showed a useful improvement, but this was due mainly to Soviet grain ship chartering across the Atlantic. Grain business alone, however, will not be enough to support the market. With the steel industry in bad shape, iron ore business is slack. Nor is coal trade booming as early as many owners hoped.

It was coal prospects which persuaded many owners to order new tonnage in the past couple of years: before freight rates began tumbling.

What will happen to all the new vessels?

Fearnleys, another Oslo shipbroker, reckons that the new bulk carrier order book was nearly 32m dwt, more than 600 ships, at the start of the year. By 1985, it estimates the bulk fleet will have risen to nearly 180m dwt.

The shipping industry is feverently hoping that rates will pick up soon. But there are more and more calls for deliveries to be postponed.

Andrew Fisher

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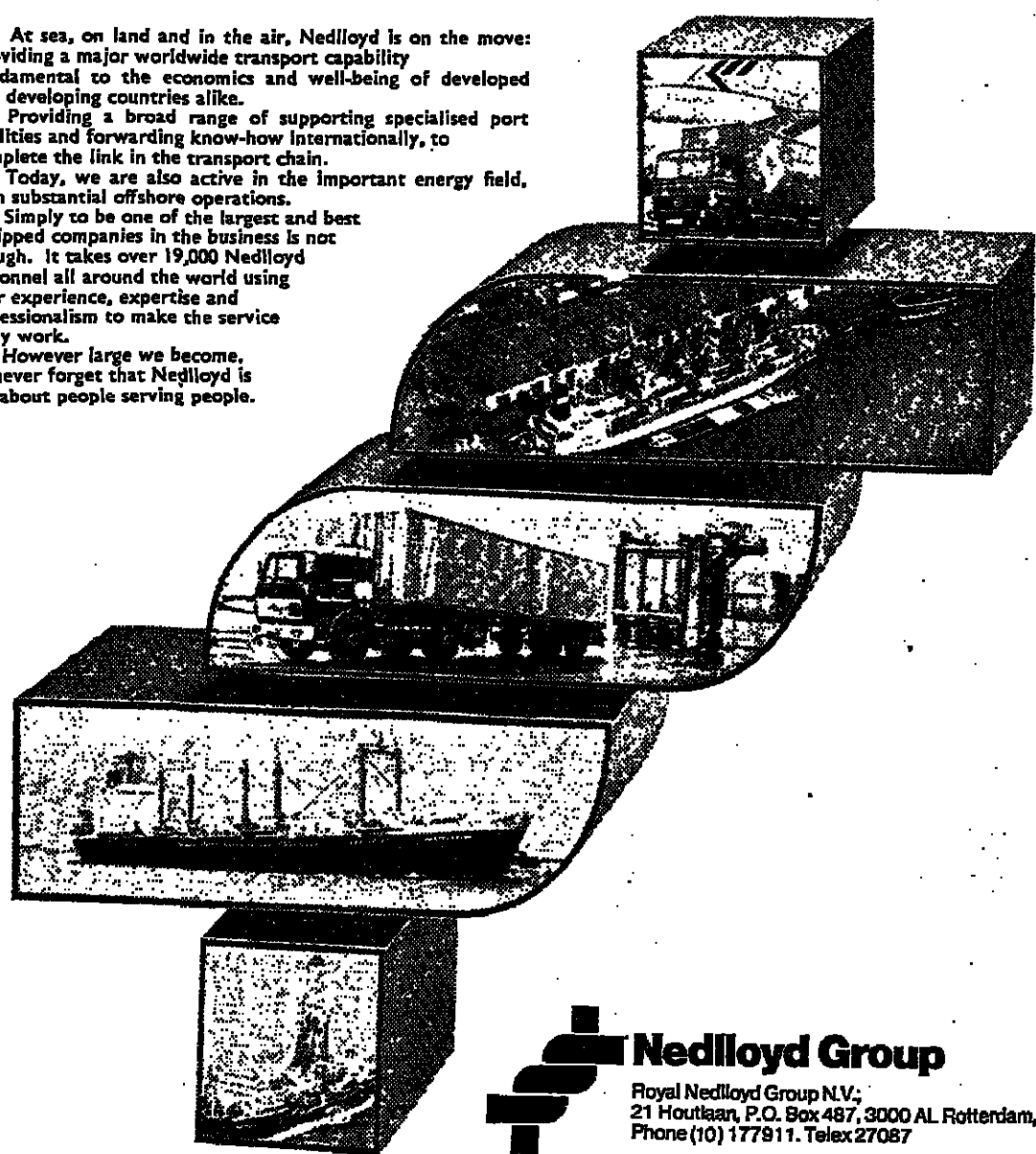
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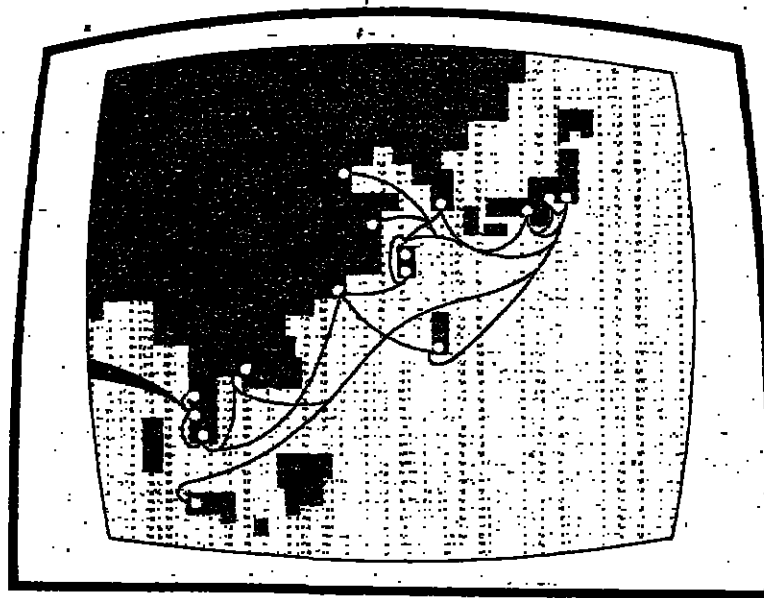
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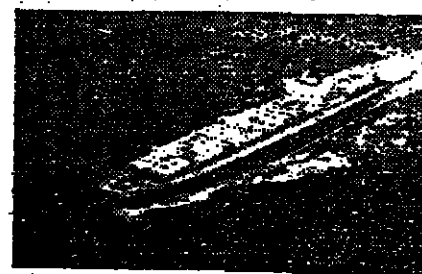
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Values in the two main investment sectors of London stock markets rarely strayed from overnight closing levels yesterday. Trading conditions were extremely slow with potential investors reluctant to commit funds because of possible major developments in the battle to repossess the Falklands. Yesterday's Derby was also an investment distraction.

British funds ran out of steam after Tuesday's show of strength, sentiment tending to be dampened by the overnight rise in U.S. short-term interest rates.

The underlying firmness in sterling, however, lent support to the market - quotations fluctuated within very narrow limits throughout and showed little alteration at the close of business. The Government Securities Index hardened 0.02 to 69.76, making an uninterrupted rise of 1.58 over the last seven trading days.

Leading shares trended easier from the outset, although there was a slight recovery in the FT-30 share index, 3 points off at noon, closed only 2.2 down on balance at 585.1; Allied-Lyons, 2 up at 100p, responded to preliminary figures above market

expectations and provided one of the few bright spots among index constituents. British Petroleum held steady at 316p, awaiting today's announcement of first-quarter figures.

Interest in secondary issues was largely confined to companies reporting trading statements. These sometimes produced the odd feature, while occasional bouts of speculative enthusiasm also lent some colour to an otherwise drab trading session.

Antofagasta Railway responded to an investment recommendation with a rise of 5 points to 84.

Edinburgh General Insurance Services provided an isolated dull spot in insurance, being marked down 3 to a 1982 low of 8p following disappointing annual profits and omission of the final dividend.

Among recently issued equities, Continental Microwave met revived demand and, in a thin market, put on 18 to a peak of 423p. G. Ruddle, Tuesday's newcomer to the Unlisted Securities Market, held at 144p.

Allied-Lyons pleased the market by announcing preliminary profits some 28m above expectations and touched a three-year peak of 101p before setting with a net gain of 2 at 100p. Other Breweries passed a fairly quiet session - the latest beer production figures having no apparent effect on sentiment - and a slightly weaker trend was evident after the "House" close. Bass, up to 249p earlier, ended only a penny up on balance at 247p; the interim

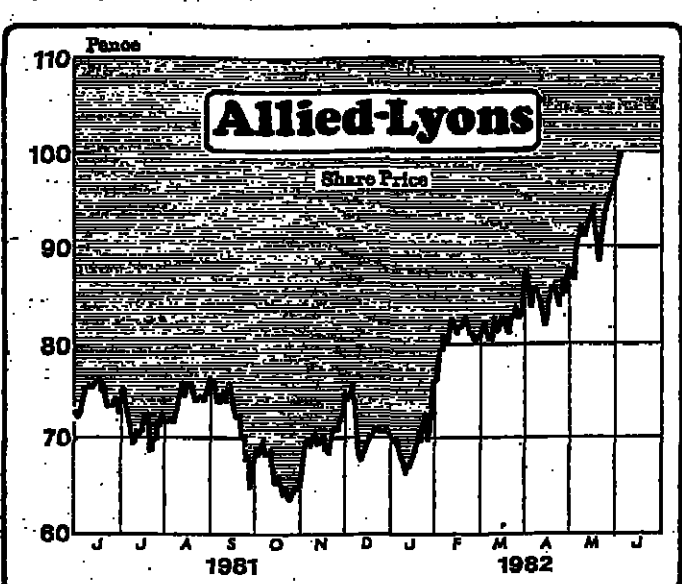
results are scheduled for next Tuesday.

Buildings maintained a firm undertone with most holding close to overnight levels. Of the few noteworthy movements, Barratt Developments firmed 3 to a 1982 peak of 301p, while Fairclough Construction added a like amount to close at a year's high of 189p. Robert M. Douglas improved a couple of pence to 77p, as did John Mowlem, to 211p. By contrast, recent high-flyer Tilbury Group met with firmer profit-taking and shed another 7 to 489p.

De La Rue fell 1p to 53p, while Bamber, 24p, gave up 3 to 22p.

Continuing rumours of a pending rights issue unsettled Thorn EMI which lost 5 more to a 1982 low of 410p. Other Electrical leaders were undecided with Plessey closing a further 3 off at 450p but GEC, at 944p, retrieving 4 of the previous day's fall of 10. Rasol softened a couple of pence to 439p, after 423p, and BICC eased 4 to 345p. Elsewhere, Eurotherm, 400p, and Unitech, 285p, declined 5 and 10p respectively. Small selling and lack of support prompted a loss of 15 to 45p in the Unlisted Securities Market, put on 2 to 20p.

In the absence of any fresh investment incentive, the Store majors continued to hover around overnight levels. British Home recovered from an early 151p to close only a penny lower on balance at 185p while House of Fraser ended unchanged at 154p, after 152p. Readit International advanced a couple of pence to 203p following the return to profits, while Sonic Sound, an exceptionally weak market of late, resumed trading difficulties, steadied ahead of the interim figures expected Thursday week and closed at 72p. Empire Stores, recently the subject of an agreed bid from Great Universal which subsequently lapsed following a Monopolies Commission referral, eased a couple of pence to 96p following the chairman's statement at the annual meeting. Grazeur shed a similar amount to 106p, but Freemans hardened to 124p. Heilmann, 74p,



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INSURANCES

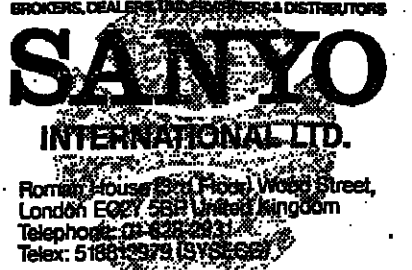
Table of insurance companies and their products, including Life Assurance Co. Ltd., Anet Life Assurance Co. Ltd., and others.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table of insurance and overseas managed funds, listing various fund names, managers, and performance metrics.

Table of offshore and overseas managed funds, including details on fund names, managers, and investment strategies.

NOTES section at the bottom right, providing additional information and disclaimers regarding the fund data.



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Table of mine stocks including Central African, Australian, and Tins. Columns include stock name, price, and other financial metrics.

Copper

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TEAS

Table of tea stocks including India and Bangladesh, Sri Lanka, and Far West Rand.

REGIONAL MARKETS

Table of regional market data for various countries and regions.

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